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LEGISLATIVE HISTORY

Public Law 85-141

S. 2130

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Index and summary of S. 2130

- May 22, 1957 Sens. Green and Wiley introduced S. 2130 which was referred to the Committee on Foreign Relations. Remarks of Sen. Green. Print of bill as introduced; remarks of Sen. Green.
- June 7, 1957 Senate committee ordered S. 2130 reported with amendments.
Senate committee reported S. 2130 with amendment. Senate Report No. 417. Print of bill and report.
- June 12, 1957 Senate began debate on S. 2130.
Sen. Morse submitted minority views. Senate Report No. 417, Part 2. Print of bill and report.
- June 13, 1957 Senate continued debate on S. 2130.
- June 14, 1957 Senate passed S. 2130 with amendments.
- June 17, 1957 S. 2130 was referred to the House Foreign Affairs Committee. Print of bill as passed by Senate and referred to House Committee.
- July 1, 1957 House committee ordered S. 2130 reported with amendments.
- July 9, 1957 House committee reported S. 2130 with amendment. House Report No. 776. Print of bill and report.
- July 11, 1957 Rules Committee reported resolution for consideration of S. 2130. H. Res. 313, House Report No. 804. Print of resolution and report.
- July 15, 1957 House began debate on S. 2130.
- July 16, 1957 House continued debate.
- July 17, 1957 House continued debate.
- July 19, 1957 House passed S. 2130 with amendments.
- July 22, 1957 House conferees appointed on S. 2130.
- Aug. 1, 1957 Senate conferees appointed.
- Aug. 8, 1957 House received conference report on S. 2130. House Report No. 1042. Print of report.
- Aug. 13, 1957 Senate received and agreed to conference report.

Index and summary of S. 2130, cont'd:

Aug. 14, 1957 House agreed to conference report.

Approved: Public Law 85-141

Hearings: House Foreign Affairs Committee, Parts 1 - 7.

Senate Foreign Relations, Parts 1 and 2.

DIGEST OF PUBLIC LAW 85-141

MUTUAL SECURITY ACT OF 1957. Establishes a Development Loan Fund, and authorizes an appropriation for advances to the Fund of not to exceed \$500,000,000, with an additional advance to the Fund beginning in the fiscal year 1959 of not to exceed \$625,000,000, both without fiscal year limitation. Authorizes \$151,900,000 for bilateral technical cooperation, \$15,500,000 for U. S. contributions to the United Nations expanded program of technical assistance, and \$1,500,000 for contributions to the technical cooperation program of the Organization of American States. Authorizes the use of not to exceed \$10 million in foreign currencies accrued under Public Law 480 (83rd Congress) to assist U. S. sponsored schools and libraries abroad to study U. S. ideas and practices. Requires that not less than \$175,000,000 of the fiscal 1958 mutual security funds shall be used to finance the sale of surplus agricultural commodities, with the foreign currency proceeds to be spent to carry out the various purposes of this Act. Authorizes \$2,200,000 for payment of ocean freight charges on gift packages shipped by voluntary non-profit agencies. Increases the limitation on the U. S. contribution to the Food and Agriculture Organization from 31.5 to 33.33 percent of the FAO budget. Authorizes the Secretary of State to set aside proceeds from Public Law 480 sales and loan repayments, not in excess of \$1 million a year in any one country for a period of not more than 5 years in advance as he may determine to be required for international educational activities.

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

MAY 22, 1957

MR. GREEN (for himself and Mr. WILEY) (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1957".

5 SEC. 2. Title I, chapter 1, of the Mutual Security Act
6 of 1954, as amended, which relates to military assistance, is
7 further amended as follows:

8 (a) Amend section 103, which relates to authoriza-
9 tions, as follows:

1 (1) Strike out subsection (a) and substitute the fol-
2 lowing:

3 “(a) There are hereby authorized to be appropriated
4 to the President such sums as may be necessary from time
5 to time to carry out the purposes of this chapter, which
6 sums shall remain available until expended.”

7 (2) In subsection (b), strike out “and of section
8 124”.

9 (3) In subsection (c), add at the end thereof the
10 following new sentence: “When appropriations made pur-
11 suant to this section are used to furnish military assistance
12 on terms of repayment within three years or earlier, dollar
13 repayments, including dollar proceeds derived from the sale
14 of foreign currency received hereunder to any United States
15 Government agency or program, may be credited to the
16 current applicable appropriation and shall be available until
17 expended for the purposes of this chapter, and, notwithstand-
18 ing section 1415 of the Supplemental Appropriation Act,
19 1953, or any other provision of law, repayments in foreign
20 currency may be used for the purposes of this chapter.”.

21 (b) In section 104 (a), which relates to infrastructure,
22 strike out in the first sentence the words between “Organiza-
23 tion,” and “out of funds”; strike out “\$780,000,000” in the
24 first sentence and substitute “\$1,000,000,000”; strike out

1 the second sentence; and in the last sentence strike out “, as
2 heretofore agreed upon,”.

3 (c) In section 105 (b) (3), which relates to condi-
4 tions applicable to military assistance, strike out the words
5 between “Asia” and “, the President”.

6 (d) Amend section 107, which relates to waivers of
7 law, as follows:

8 (1) In subsection (a), strike out “1262 (a), and title
9 34, United States Code, section 546 (e)” and substitute
10 “7307 (a)”.

11 (2) In subsection (b), strike out “Revised Statutes
12 1222 (10 U. S. C. 576)” and substitute “title 10, United
13 States Code, sections 3544 (b) and 8544 (b)”.

14 (e) Repeal section 108, which relates to transfer of mili-
15 tary equipment to Japan.

16 SEC. 3. Chapter 2 of title I of the Mutual Security Act
17 of 1954, as amended, which relates to southeast Asia and
18 the Western Pacific, and direct forces support, is hereby
19 repealed.

20 SEC. 4. Title I, chapter 3, of the Mutual Security Act
21 of 1954, as amended, which relates to defense support, is
22 further amended as follows:

23 (a) Amend section 131, which relates to general au-
24 thority, as follows:

1 (1) In subsection (a), before “designed” in the first
2 sentence, insert “specifically”.

3 (2) Strike out subsection (b) and substitute the follow-
4 ing:

5 “(b) There are hereby authorized to be appropriated
6 to the President such sums as may be necessary from time to
7 time to carry out the purposes of this chapter, which sums
8 shall remain available until expended.”

9 (3) Strike out subsection (c), and redesignate subsec-
10 tion “(d)” as subsection “(c)”.

11 (b) Repeal section 132, which relates to the Korean
12 program.

13 SEC. 5. Title I, chapter 4, of the Mutual Security Act
14 of 1954, as amended, which relates to general provisions
15 relating to mutual defense assistance, is further amended as
16 follows:

17 (a) In section 142 (b), which relates to agreements,
18 strike out in the first sentence “chapter 2 or” and “or under
19 title II”.

20 (b) Repeal section 143.

21 SEC. 6. Title II of the Mutual Security Act of 1954,
22 as amended, which relates to development assistance, is fur-
23 ther amended by striking out the heading of the title, “DE-
24 VELOPMENT ASSISTANCE”, and substituting “DE-
25 VELOPMENT LOAN FUND”; by striking out subsections

1 (a) and (b) of section 201; by redesignating subsection
2 (c) of section 201 as subsection (d) of section 537 and
3 striking out therein “this title” and “411 (c)” and substi-
4 tuting, respectively, “section 400” and “411 (b)”; and by
5 inserting the following new sections:

6 “SEC. 201. DECLARATION OF PURPOSE.—The Con-
7 gress of the United States recognizes that the progress of free
8 peoples in their efforts to further their economic develop-
9 ment, and thus to strengthen their freedom, is important to
10 the security and general welfare of the United States. The
11 Congress further recognizes the necessity of assistance to such
12 peoples if they are to succeed in these efforts. The Congress
13 accordingly reaffirms that it is the policy of the United States,
14 and declares it to be the purpose of this title, to assist, on a
15 basis of self-help and mutual cooperation, the efforts of free
16 peoples to develop their economic resources, increase their
17 productive capabilities, and raise their standards of living.

18 “SEC. 202. GENERAL AUTHORITY.—(a) There is here-
19 by established a fund to be known as the ‘Development Loan
20 Fund’ (hereinafter referred to in this title as ‘the Fund’) to
21 be used by the President to finance activities and transactions
22 carried out pursuant to authority contained in this title.

23 “(b) To carry out the purposes of this title, the Presi-
24 dent is hereby authorized to make loans, credits, or guaran-
25 ties, or to engage in other financing activities or transactions

1 (not to include grants or direct purchases of equity securi-
2 ties) , to or with such nations, organizations, persons or other
3 entities, and on such terms and conditions, as he may deter-
4 mine, taking into account (1) whether financing could be
5 obtained in whole or in part from other free world sources on
6 reasonable terms, (2) the economic and technical soundness
7 of the activity or transaction, and (3) whether the activity
8 or transaction gives reasonable promise of contributing to the
9 development of economic resources, increase of productive
10 capacities, or improvement of standards of living in futher-
11 ance of the purposes of this title. The Fund shall be admin-
12 istered so as to support and encourage private investment and
13 other private participation furthering the purposes of this
14 title. The authority of section 401 (a) of this Act may not
15 be used to waive the requirements of this title, nor may the
16 authority of section 501 of this Act be used to increase or
17 decrease the funds available under this title.

18 "SEC. 203. CAPITALIZATION.—(a) There is hereby
19 authorized to be appropriated to the President without fiscal
20 year limitation, for advances to the Fund, not to exceed
21 \$500,000,000. In addition, unless disapproved in the ap-
22 propriation Act appropriating funds pursuant to the author-
23 ization contained in the preceding sentence, the Secretary
24 of the Treasury is authorized and directed to make, begin-
25 ning in the fiscal year 1959, loans to the Fund in amounts

1 needed to cover obligations incurred against the Fund. Ex-
2 cept as provided in section 204 (b) of this Act, the maxi-
3 mum amount of obligations incurred against the Fund during
4 the fiscal year 1958 shall be \$500,000,000, during the fiscal
5 year 1959 shall be \$750,000,000, and during the period be-
6 ginning in the fiscal year 1960 shall be \$750,000,000; and
7 any unused portion of the maximum applicable to any period
8 shall be added to the maximum applicable to the succeeding
9 period.

10 “(b) For purposes of the loans provided for in this
11 section, the Secretary of the Treasury is authorized to use
12 the proceeds of the sale of any securities issued under the
13 Second Liberty Bond Act as now in force or as hereafter
14 amended, and the purposes for which securities may be
15 issued under the Second Liberty Bond Act are hereby ex-
16 tended to include this purpose. The President shall deter-
17 mine the terms and conditions of any advances or loans made
18 to the Fund pursuant to this section.

19 “SEC. 204. FISCAL PROVISIONS.—(a) All receipts
20 from activities or transactions under this title shall be cred-
21 ited to the Fund and, notwithstanding section 1415 of the
22 Supplemental Appropriation Act, 1953, or any other pro-
23 vision of law relating to the use of foreign currencies or
24 other receipts accruing to the United States, shall be avail-
25 able for use for purposes of this title.

1 “(b) The President is authorized to incur, in accordance
2 with the provisions of this title, obligations against the Fund
3 in amounts which may not at any time exceed the assets
4 of the Fund. The amount of such obligations also may not
5 exceed the limitations specified in section 203 (a) of this
6 Act except that, to the extent that assets of the Fund other
7 than capitalization provided pursuant to section 203 (a)
8 are available, obligations may be incurred beyond such
9 limitations. The term ‘assets of the Fund’ as used in this
10 section shall mean the amount of liquid assets of the Fund
11 at any given time including any amount of capitalization
12 authorized pursuant to section 203 (a) of this Act which
13 has not been advanced or loaned to the fund as of such time.
14 The Fund shall be available without fiscal year limitation
15 for any obligations or expenditures in connection with the
16 performance of functions under this title, including repay-
17 ment of loans made to the Fund pursuant to section 203 (a)
18 of this Act.

19 “(c) In the performance of and with respect to the
20 functions, powers, and duties vested in him by this title, the
21 President shall prepare annually and submit a budget pro-
22 gram in accordance with the provisions of the Government
23 Corporation Control Act, as amended; and he shall cause
24 to be maintained an integral set of accounts which shall be
25 audited by the General Accounting Office in accordance with

1 principles and procedures applicable to commercial corporate
2 transactions as provided by the Government Corporation
3 Control Act, as amended, and no other audit shall be
4 required.

5 "SEC. 205. POWERS AND AUTHORITIES.—In carrying
6 out the purposes of this title, any officer or agency of the
7 United States designated to exercise authorities provided
8 for hereunder may, in addition to other powers and authori-
9 ties provided in this Act or elsewhere, and as the President
10 may direct: enter into, perform, and modify contracts, leases,
11 agreements, or other transactions, on such terms as may
12 be deemed appropriate, with any agency or instrumentality
13 of the United States, with any foreign government or for-
14 eign government agency, or with any person, partnership,
15 association, corporation, organization, or other entity, public
16 or private, singly or in combination; accept and use gifts
17 or donations of services, funds, or property (real, personal
18 or mixed, tangible or intangible); contract for the services
19 of attorneys; determine the character of and necessity for
20 obligations and expenditures under this title, and the man-
21 ner in which they shall be incurred, allowed, and paid, sub-
22 ject to provisions of law specifically applicable to Govern-
23 ment corporations; acquire and dispose of, upon such terms
24 and conditions and for such consideration as such officer or

1 agency shall determine to be reasonable, through purchase,
2 exchange, discount, rediscount, public or private sale, nego-
3 tiation, assignment, exercise of option or conversion rights,
4 or otherwise, for cash or credit, with or without endorse-
5 ment or guaranty, any property, real, personal, mixed,
6 tangible or intangible, including, but not limited to, mort-
7 gages, bonds, debentures (including convertible debentures),
8 liens, pledges, and other collateral or security, contracts,
9 claims, currencies, notes, drafts, checks, bills of exchange,
10 acceptances including bankers' acceptances, cable transfers
11 and all other evidences of indebtedness or ownership (pro-
12 vided that equity securities may not be directly purchased
13 although such securities may be acquired by other means
14 such as by exercise of conversion rights or through enforce-
15 ment of liens, pledges or otherwise to satisfy a previously
16 incurred indebtedness), and guarantee payment against any
17 instrument above specified; issue letters of credit and let-
18 ters of commitment; collect or compromise any obligations
19 assigned to or held by, and any legal or equitable rights
20 accruing to, such officer or agency, and, as such officer or
21 agency may determine, refer any such obligations or rights
22 to the Attorney General for suit or collection; and other-
23 wise take any and all actions determined by such officer
24 or agency to be necessary or desirable in making, carrying
25 out, servicing, compromising, liquidating, or otherwise deal-

1 ing with or realizing on any transaction or activity author-
2 ized by this title.”

3 SEC. 7. Title III of the Mutual Security Act of 1954,
4 as amended, which relates to technical cooperation, is further
5 amended as follows:

6 (a) In section 304, which relates to authorization,
7 strike out subsections (a) and (b) and substitute the follow-
8 ing: “There are hereby authorized to be appropriated to the
9 President such sums as may be necessary from time to time
10 to carry out the purposes of this title.”

11 (b) Amend section 306, which relates to multilateral
12 technical cooperation, as follows:

13 (1) Strike out the text of subsection (a) and substitute
14 the following:

15 “\$15,500,000 for the fiscal year 1958 for contributions
16 to the United Nations Expanded Program of Technical As-
17 sistance: *Provided*, That, notwithstanding any other pro-
18 vision of law, the United States contribution to this program
19 for the calendar year 1958 may constitute as much as, but
20 shall not exceed, 45 per centum of the total amount con-
21 tributed to the program for that period.”.

22 (2) Strike out the text of subsection (b) and substitute
23 the following:

24 “\$1,500,000 for the fiscal year 1958 for contributions

1 to the technical cooperation program of the Organization of
2 American States.”.

3 SEC. 8. Title IV of the Mutual Security Act of 1954,
4 as amended, which relates to other programs, is further
5 amended as follows:

6 (a) Insert before section 401 the following new section:

7 “SEC. 400. SPECIAL ASSISTANCE.—There is hereby
8 authorized to be appropriated to the President for the fiscal
9 year 1958 not to exceed \$300,000,000 for use on such terms
10 and conditions as he may specify for assistance designed to
11 maintain or promote political or economic stability or for
12 assistance in accordance with the provisions of this Act
13 applicable to the furnishing of assistance under title I, section
14 304, section 405, or section 407 of this Act. \$100,000,000
15 of the funds authorized to be appropriated pursuant to this
16 section for any fiscal year may be used in such year in
17 accordance with the provisions of section 401 (a).”

18 (b) Amend section 401, which relates to special fund,
19 as follows:

20 (1) Strike out the title of this section and substitute
21 “PRESIDENT’S SPECIAL AUTHORITY”.

22 (2) In subsection (a), strike out “to be appropriated
23 under subsection (b) hereof” in the first sentence and
24 substitute “for such use by section 400 of this Act”; before
25 “, in furtherance of” in the first sentence, insert “or any

1 Act appropriating funds pursuant to authorizations contained
2 in this Act"; and strike out the second sentence.

3 (3) Strike out subsection (b).

4 (4) Redesignate subsection "(c)" as subsection "(b)".

5 (c) In section 402, which relates to earmarking of
6 funds, strike out all preceding "shall be used" in the first
7 sentence and substitute "Of the funds authorized to be made
8 available in the fiscal year 1958 pursuant to this Act (other
9 than funds made available pursuant to title II), not less
10 than \$175,000,000".

11 (d) Amend section 403, which relates to special assist-
12 ance in joint control areas, as follows:

13 (1) In subsection (a), strike out the subsection design-
14 nation "(a)"; and in the second sentence strike out all
15 following "the President" and substitute "for the fiscal year
16 1958 not to exceed \$11,500,000 to carry out this section."

17 (2) Strike out subsection (b).

18 (e) Amend section 405, which relates to migrants,
19 refugees, and escapees, as follows:

20 (1) In subsection (a), strike out the words between
21 "appropriated" and "such amounts"; and strike out the
22 last sentence.

23 (2) In subsection (c), strike out the words between
24 "appropriated" and "for contributions" and substitute "for
25 the fiscal year 1958 not to exceed \$2,233,000".

1 (3) In subsection (d), strike out the words between
2 “President” and “for continuation” and substitute “for the
3 fiscal year 1958 not to exceed \$5,500,000”.

4 (f) Amend section 406, which relates to children’s
5 welfare, as follows:

6 (1) In subsection (a), strike out the subsection design-
7 nation “(a)”; and strike out all following “exceed” and
8 substitute “\$11,000,000 for the fiscal year 1958 for con-
9 tributions to the United Nations Children’s Fund.”.

10 (2) Strike out subsection (b).

11 (g) In section 407, which relates to Palestine refugees
12 in the Near East, strike out the first two sentences in sub-
13 section (a) and substitute in lieu thereof the text of the
14 present subsection (b); strike out the subsection designation
15 “(a)”; and strike out subsection (b).

16 (h) In section 408, which relates to the North Atlantic
17 Treaty Organization, strike out in subsection (a) the words
18 between “appropriated” and “such amounts”.

19 (i) Amend section 409, which relates to ocean freight
20 charges, as follows:

21 (1) Strike out the text of subsection (c) and substitute
22 “‘There is hereby authorized to be appropriated to the Presi-
23 dent for the fiscal year 1958 not to exceed \$2,200,000 to
24 carry out the purposes of this section.”.

25 (2) In subsection (d), strike out all preceding “to pay”

1 in the first sentence and substitute "In addition, any funds
2 made available under this Act may be used, in amounts de-
3 termined by the President,"; and strike out the second sen-
4 tence.

5 (j) In section 410, which relates to Control Act ex-
6 penses, strike out the words between "President" and "for
7 carrying out" in the first sentence and substitute "for the
8 fiscal year 1958 not to exceed \$1,300,000".

9 (k) Amend section 411, which relates to administra-
10 tive and other expenses, as follows:

11 (1) In subsection (b), strike out the words between
12 "President" and "for necessary" and substitute "for the fiscal
13 year 1958 not to exceed \$35,000,000"; strike out "and
14 section 124"; and before the period at the end of the subsec-
15 tion, insert "and functions under the Agricultural Trade De-
16 velopment and Assistance Act of 1954, as amended (7
17 U. S. C. 1691 and the following) performed by any agency
18 or officer administering nonmilitary assistance".

19 (2) Strike out subsection (c), and redesignate subsec-
20 tions "(d)" and "(e)" as subsections "(c)" and "(d)",
21 respectively.

22 (l) Repeal section 412, which relates to Chinese and
23 Korean students.

24 (m) Repeal sections 419 and 421, relating, respectively,
25 to World Health Organization and Food and Agriculture

1 Organization, which repeals shall not be deemed to affect
2 amendments contained in such sections to Acts other than
3 the Mutual Security Act of 1954, as amended; and add the
4 following new sections:

5 “SEC. 419. ATOMS FOR PEACE.—(a) The President is
6 hereby authorized to furnish from funds made available pur-
7 suant to this section, in addition to other funds available for
8 such purposes, and on such terms and conditions as he may
9 specify, assistance designed to promote the peaceful uses of
10 atomic energy abroad. There is hereby authorized to be
11 appropriated to the President for the fiscal year 1958 not to
12 exceed \$7,000,000 to carry out the purposes of this section.

13 “(b) The United States’ share of the cost of any re-
14 search reactor made available to another government under
15 this section shall not exceed \$350,000.

16 “(c) In carrying out the purposes of this section, the
17 appropriate United States departments and agencies shall
18 give full and continuous publicity through the press, radio,
19 and all other available mediums, so as to inform the peoples
20 of the participating countries regarding the assistance, in-
21 cluding its purpose, source, and character, furnished by the
22 United States. Such portions of any research reactor fur-
23 nished under this section as may be appropriately die-
24 stamped or labeled as a product of the United States shall
25 be so stamped or labeled.

1 “SEC. 420. MALARIA ERADICATION.—The Congress of
2 the United States, recognizing that the disease of malaria,
3 because of its widespread prevalence, debilitating effects,
4 and heavy toll in human life, constitutes a major deterrent
5 to the efforts of many peoples to develop their economic
6 resources and productive capacities and to improve their
7 living conditions, and further recognizing that it now ap-
8 pears technically feasible to eradicate this disease, declares
9 it to be the policy of the United States and the purpose of
10 this section to assist other peoples in their efforts to eradi-
11 cate malaria. The President is hereby authorized to furnish
12 to such nations, organizations, persons or other entities as
13 he may determine, and on such terms and conditions as he
14 may specify, financial and other assistance to carry out the
15 purpose of this section. Funds made available pursuant to
16 authorizations contained in this Act (other than title I,
17 chapter 1, and title II) may be used to carry out the purpose
18 of this section.”

19 SEC. 9. Title V, chapter 1, of the Mutual Security Act
20 of 1954, as amended, which relates to general provisions, is
21 further amended as follows:

22 (a) Amend section 503, which relates to termination
23 of assistance, as follows:

24 (1) Strike out the subsection designation “(a)”; and

1 in the last sentence of subsection (a) strike out "subsection"
2 and substitute "section".

3 (2) Strike out subsection (b).

4 (b) In section 504 (a); which relates to small business,
5 strike out "chapters 2 and" and substitute "chapter".

6 (c) Amend section 505, which relates to loan assistance
7 and sales, as follows:

8 (1) In subsection (a), strike out "Assistance" in the
9 first sentence and substitute "Except as otherwise specifically
10 provided in this Act, assistance"; and after "commodities"
11 both times it appears in the second sentence, insert " , equip-
12 ment, materials,".

13 (2) In subsection (b), strike out the first sentence; and
14 strike out "shall" both times it appears in the second sen-
15 tence and substitute "may".

16 (d) In section 509, which relates to shipping on United
17 States vessels, strike out the first sentence.

18 (e) In section 511 (c), which relates to retention and
19 return of equipment, after "materials" the first time it ap-
20 pears, insert "on a grant basis"; and strike out "(other than
21 equipment or materials sold under the provisions of section
22 106)".

23 SEC. 10. Title V, chapter 2, of the Mutual Security Act
24 of 1954, as amended, which relates to organization and ad-
25 ministration, is further amended as follows:

1 (a) In section 527 (c), which relates to employment of
2 personnel, after “shall be entitled” in paragraph (1), insert
3 “, except to the extent that the President may specify other-
4 wise,”; and before the period at the end of paragraph (2),
5 insert “: *Provided, however,* That the President may by
6 regulation make exceptions to the application of section 528”.

7 (b) In section 534, which relates to reports, after
8 “504,”, insert “202, 400,”.

9 (c) In section 535 (b), which relates to cooperation
10 with nations and international organizations, before “in fur-
11 therance of” in the first sentence insert “consistent with
12 and”; and strike out “and within the limitations” in the first
13 sentence.

14 (d) Amend section 537, which relates to provisions on
15 uses of funds, as follows:

16 (1) In the opening clause of subsection (a), within
17 the parentheses, strike out “and section 124”.

18 (2) In subsection (a), paragraph (1), strike out
19 “1957” and substitute “1958”.

20 (3) Amend the text of subsection (a), paragraph
21 (10), to read “rental or lease outside the continental limits
22 of the United States of offices, buildings, grounds, and
23 living quarters to house personnel; maintenance, furnishings,
24 necessary repairs, improvements, and alterations to proper-
25 ties owned or rented by the United States Government

1 abroad; and costs of fuel, water and utilities for such
2 properties;”.

3 (4) In subsection (a), paragraph (17), strike out
4 “or” preceding “(iii)”; and after “another”, insert “, (iv)
5 when he is temporarily absent from his post under orders,
6 or (v) when through no fault of the employee storage costs
7 are incurred on such furniture and effects (including auto-
8 mobiles) in connection with authorized travel”.

9 (5) In subsection (c), strike out the words preceding
10 “funds”; change “funds” to “Funds”; and strike out “in
11 the fiscal year 1957”.

12 (6) Add the following new subsection:

13 “(e) Funds available under this Act may be used to
14 pay costs of training United States citizen personnel em-
15 ployed or assigned pursuant to section 527 (c) (2) of this
16 Act (through interchange or otherwise) at any State or
17 local unit of government, public or private nonprofit in-
18 stitution, trade, labor, agricultural, or scientific association
19 or organization, or commercial firm; and the provisions of
20 Public Law 918, Eighty-fourth Congress, may be used to
21 carry out the foregoing authority notwithstanding that in-
22 terchange of personnel may not be involved or that the train-
23 ing may not take place at the institutions specified in that
24 Act. Such training shall not be considered employment or
25 holding of office under title 5, United States Code, section

1 62, and any payments or contributions in connection there-
2 with may, as deemed appropriate by the head of the United
3 States Government agency authorizing such training, be
4 made by private or public sources and be accepted by any
5 trainee, or may be accepted by and credited to the current
6 applicable appropriation of such agency: *Provided, how-*
7 *ever,* That any such payments to an employee in the nature
8 of compensation shall be in lieu of or in reduction of com-
9 pensation received from the Government of the United
10 States.”

11 SEC. 11. Title V, chapter 3, of the Mutual Security Act
12 of 1954, as amended, which relates to repeal and miscella-
13 neous provisions, is further amended as follows:

14 (a) In section 543, relating to saving provisions, insert
15 the following new subsections:

16 “(d) Funds appropriated pursuant to provisions of this
17 Act repealed by the Mutual Security Act of 1956 or the
18 Mutual Security Act of 1957 shall remain available for their
19 original purposes in accordance with the provisions of law
20 originally applicable thereto. The repeal by the Mutual Se-
21 curity Act of 1957 of sections 121, 131 (c) and 132 of this
22 Act shall not be deemed to affect the authority contained in
23 the third sentence of section 121, or the authorities con-
24 tained in the last sentence of section 131 (c), that part of
25 the first sentence of section 132 (a) which relates to pay-

1 ment of ocean freight charges on shipments to Korea for
2 relief without regard to the requirements of section 409, and
3 section 132 (d). References in any Act to provisions of this
4 Act repealed or stricken out by the Mutual Security Act
5 of 1957 are hereby stricken out; and references in any Act
6 to provisions of this Act redesignated by the Mutual Security
7 Act of 1957 are hereby amended to refer to the new designations.”

9 (b) Amend section 544, which relates to amendments
10 to other laws, as follows:

11 (1) Repeal subsections (a), (c), (d), (e), (f), (g),
12 (h), and (i), which repeals shall not be deemed to affect
13 amendments contained in such subsections to Acts other
14 than the Mutual Security Act of 1954, as amended; and
15 redesignate subsection “(b)” as subsection “(a)”.

16 (2) Add the following new subsection:

17 “(b) Public Law 174, Seventy-ninth Congress, as
18 amended, is hereby further amended by striking out the
19 proviso at the end of section 2.”

20 (c) In section 546 (b), relating to construction, strike
21 out “Atomic Energy Act of 1946, as amended (42 U. S. C.
22 1801)” and substitute “Atomic Energy Act of 1954, as
23 amended (42 U. S. C. 2011)”.

24 (d) Repeal section 547, which relates to reduction of
25 authorizations.

1 (e) In section 549, relating to special provision on
2 availability of funds, strike out “chapter 3 of title I,” and
3 strike out the comma following “title III”.

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. GREEN and Mr. WILEY

MAY 22, 1957

Read twice and referred to the Committee on
Foreign Relations

and former widows of deceased veterans of the Civil War whose deaths were nonservice connected; to the Committee on Finance.

(See the remarks of Mr. NEUBERGER when he introduced the above bill, which appear under a separate heading.)

By Mr. MORSE (for himself, Mr. CLARK, and Mr. CASE of New Jersey):

S. 2141. A bill to authorize the District of Columbia to borrow from the United States Treasury not to exceed \$70 million for public school construction and improvements; to the Committee on the District of Columbia.

(See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

By Mr. HOLLAND (for himself and Mr. KUCHEL):

S. 2142. A bill to amend section 8e of the Agricultural Adjustment Act (of 1933), as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, so as to provide for the extension of the restrictions on imported commodities imposed by such section to all imported citrus fruits, and to sliced figs, dried figs, and fig paste; to the Committee on Agriculture and Forestry.

By Mr. CASE of New Jersey:

S. 2143. A bill to validate the salary overpayments made to certain officers and employees incident to the salary adjustment provisions of the Federal Employees Salary Increase Act of 1955, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MORSE (for himself and Mr. NEUBERGER):

S. 2144. A bill to provide for the construction by the Secretary of the Interior of the Bully Creek Dam and other facilities, Vale Federal reclamation project, Oregon; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

By Mr. MARTIN of Pennsylvania:

S. 2145. A bill to amend the Tennessee Valley Authority Act of 1933 in order to authorize the Tennessee Valley Authority to undertake certain financing activities, to require it to charge just and reasonable rates and to require certain payments to the United States, and for other purposes; to the Committee on Public Works.

(See the remarks of Mr. MARTIN of Pennsylvania when he introduced the above bill, which appear under a separate heading.)

By Mr. GOLDWATER:

S. 2146. A bill for the relief of William F. Petter, and

S. 2147. A bill for the relief of Chong Sook Rhee; to the Committee on the Judiciary.

By Mr. IVES:

S. J. Res. 95. Joint resolution granting the consent of Congress to an agreement or compact between the State of New York and the Government of Canada providing for the continued existence of the Buffalo and Fort Erie Public Bridge Authority, and for other purposes; to the Committee on Foreign Relations.

By Mr. MAGNUSON:

S. J. Res. 96. Joint resolution to establish the U. S. S. *Enterprise* (CV-6) in the Nation's Capital as a national shrine; to the Committee on Armed Services.

(See the remarks of Mr. MAGNUSON when he introduced the above joint resolution, which appear under a separate heading.)

MUTUAL SECURITY ACT OF 1957

Mr. GREEN, Mr. President, on behalf of myself, and the senior Senator from Wisconsin [Mr. WILEY], by request, I introduce, for appropriate reference, a bill to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The bill has been prepared by the executive branch to carry out the recommendation of the President made in his message to Congress which has just been received by the Senate.

The senior Senator from Wisconsin and I are introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention.

As usual, I reserve my right to support or oppose the bill, or any part of it, as well as any suggested amendments to it, when the bill is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed at this point in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, introduced by Mr. GREEN (for himself and Mr. WILEY), by request was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1957."

SEC. 2. Title I, chapter 1, of the Mutual Security Act of 1954, as amended which relates to mission assistance, is further amended as follows:

(a) Amend section 103, which relates to authorization, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) There are hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended."

(2) In subsection (b), strike out "and of section 124."

(3) In subsection (c), add at the end thereof the following new sentence: "When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within 3 years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of this chapter, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, repayments in foreign currency may be used for the purposes of this chapter."

(b) In section 104 (a), which relates to infrastructure, strike out in the first sentence the words between "Organization," and "out of funds"; strike out "\$780,000,000" in the first sentence and substitute "\$1,000,000,000"; strike out the second sentence; and in the last sentence strike out ", as heretofore agreed upon."

(c) In section 105 (b) (3), which relates to conditions applicable to military assistance, strike out the words between "Asia" and ", the President."

(d) Amend section 107, which relates to waivers of law, as follows:

(1) In subsection (a), strike out "1262 (a), and title 34, United States Code, section 546 (e)" and substitute "7307 (a)."

(2) In subsection (b), strike out "Revised Statutes 1222 (10 U. S. C. 576)" and substitute "title 10, United States Code, sections 3544 (b) and 8544 (b)."

(e) Repeal section 108, which relates to transfer of military equipment to Japan.

SEC. 3. Chapter 2 of title I of the Mutual Security Act of 1954, as amended, which relates to southeast Asia and the Western Pacific, and direct forces support, is hereby repealed.

SEC. 4. Title I, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to defense support, is further amended as follows:

(a) Amend section 131, which relates to General authority, as follows:

(1) In subsection (a), before "designed" in the first sentence, insert "specifically."

(2) Strike out subsection (b) and substitute the following:

"(b) There are hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended."

(3) Strike out subsection (c), and redesignate subsection "(d)" as subsection "(c)."

(b) Repeal section 132, which relates to the Korean program.

SEC. 5. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is further amended as follows:

(a) In section 142 (b), which relates to agreements, strike out in the first sentence "chapter 2 or" and "or under title II."

(b) Repeal section 143.

SEC. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to development assistance, is further amended by striking out the heading of the title, "Development Assistance", and substituting "Development Loan Fund"; by striking out subsections (a) and (b) of section 201; by redesignating subsection (c) of section 201 as subsection (d) of section 537 and striking out therein "this title" and "411 (c)" and substituting, respectively, "section 400" and "411 (b)"; and by inserting the following new sections:

"SEC. 201. Declaration of Purpose: The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources, increase their productive capabilities, and raise their standards of living.

"SEC. 202. General Authority: (a) There is hereby established a fund to be known as the 'Development Loan Fund' (hereinafter referred to in this title as 'the Fund') to be used by the President to finance activities and transactions carried out pursuant to authority contained in this title.

"(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing activities or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as he may determine, taking into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity or transaction, and (3) whether the activity or transaction gives reasonable promise of contributing to the development of economic resources, increase of productive capacities, or improvement of standards of living in furtherance of the purposes of this title. The Fund shall be administered so as to support and encourage private investment and other private

participation furthering the purposes of this title. The authority of section 401 (a) of this Act may not be used to waive the requirements of this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title.

"Sec. 203. Capitalization: (a) There is hereby authorized to be appropriated to the President without fiscal-year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, unless disapproved in the appropriation act appropriating funds pursuant to the authorization contained in the preceding sentence, the Secretary of the Treasury is authorized and directed to make, beginning in the fiscal year 1959, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204 (b) of this act, the maximum amount of obligations incurred against the Fund during the fiscal year 1958 shall be \$500,000,000, during the fiscal year 1959 shall be \$750,000,000, and during the period beginning in the fiscal year 1960 shall be \$750,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section.

"Sec. 204. Fiscal Provisions: (a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

"(b) The President is authorized to incur, in accordance with the provisions of this title, obligations against the Fund in amounts which may not at any time exceed the assets of the Fund. The amount of such obligations also may not exceed the limitations specified in section 203 (a) of this Act, except that, to the extent that assets of the fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations. The term 'assets of the Fund' as used in this section shall mean the amount of liquid assets of the Fund at any given time, including any amount of capitalization authorized pursuant to section 203 (a) of this Act, which has not been advanced or loaned to the fund as of such time. The Fund shall be available without fiscal-year limitation for any obligations or expenditures in connection with the performance of functions under this title, including repayment of loans made to the Fund pursuant to section 203 (a) of this Act.

"(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

"Sec. 205. Powers and Authorities: In carrying out the purposes of this title, any officer or agency of the United States designated to

exercise authorities provided for hereunder may, in addition to other powers and authorities provided in this Act or elsewhere, and as the President may direct, enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as such officer or agency shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible, or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased, although such securities may be acquired by other means, such as by exercise of conversion rights or through enforcement of liens, pledges, or otherwise, to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, such officer or agency, and, as such officer or agency may determine, refer any such obligations or rights to the Attorney General for suit or collection; and otherwise take any and all actions determined by such officer or agency to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or activity authorized by this title."

Sec. 7. Title III of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is further amended as follows:

(a) In section 304, which relates to authorization, strike out subsections (a) and (b) and substitute the following: "There are hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this title."

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Strike out the text of subsection (a) and substitute the following:

"\$15,500,000 for the fiscal year 1958 for contributions to the United Nations Expanded Program of Technical assistance: *Provided*, That, notwithstanding any other provision of law, the United States contribution to this program for the calendar year 1958 may constitute as much as, but shall not exceed 45 percent of the total amount contributed to the program for that period."

(2) Strike out the text of subsection (b) and substitute the following:

"\$1,500,000 for the fiscal year 1958 for contributions to the technical cooperation

program of the Organization of American States."

Sec. 8. Title IV of the Mutual Security Act of 1954, as amended, which relates to other programs, is further amended as follows:

(a) Insert before section 401 the following new section:

"Sec. 400. Special Assistance.—There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$300 million for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability or for assistance in accordance with the provisions of this act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this act. \$100 million of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a)."

(b) Amend section 401, which relates to special fund, as follows:

(1) Strike out the title of this section and substitute "President's Special Authority."

(2) In subsection (a), strike out "to be appropriated under subsection (b) hereof" in the first sentence and substitute "for such use by section 400 of this act"; before "in furtherance of" in the first sentence, insert "or any act appropriating funds pursuant to authorizations contained in this act"; and strike out the second sentence.

(3) Strike out subsection (b).

(4) Redesignate subsection "(c)" as subsection "(b)."

(c) In section 402, which relates to earmarking of funds, strike out all preceding "shall be used" in the first sentence and substitute "Of the funds authorized to be made available in the fiscal year 1958 pursuant to this act (other than funds made available pursuant to title II), not less than \$175 million."

(d) Amend section 403, which relates to special assistance in joint control areas, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and in the second sentence strike out all following "the President" and substitute "for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section."

(2) Strike out subsection (b).

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (a), strike out the words between "appropriated" and "such amounts"; and strike out the last sentence.

(2) In subsection (c), strike out the words between "appropriated" and "for contributions" and substitute "for the fiscal year 1958 not to exceed \$2,233,000."

(3) In subsection (d), strike out the words between "President" and "for continuation" and substitute "for the fiscal year 1958 not to exceed \$5,500,000."

(f) Amend section 406, which relates to children's welfare, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and strike out all following "exceed" and substitute "\$11 million for the fiscal year 1958 for contributions to the United Nations Children's Fund."

(2) Strike out subsection (b).

(g) In section 407, which relates to Palestine refugees in the Near East, strike out the first two sentences in subsection (a) and substitute in lieu thereof the text of the present subsection (b); strike out the subsection designation "(a)"; and strike out subsection (b).

(h) In section 408, which relates to the North Atlantic Treaty Organization, strike out in subsection (a) the words between "appropriated" and "such amounts."

(i) Amend section 409, which relates to ocean freight charges, as follows:

(1) Strike out the text of subsection (c) and substitute "There is hereby authorized

to be appropriated to the President for the fiscal year 1958 not to exceed \$2,200,000 to carry out the purposes of this section."

(2) In subsection (d), strike out all preceding "to pay" in the first sentence and substitute "In addition, any funds made available under this Act may be used, in amounts determined by the President,"; and strike out the second sentence.

(j) In section 410, which relates to Control Act expenses, strike out the words between "President" and "for carrying out" in the first sentence and substitute "for the fiscal year 1958 not to exceed \$1,300,000."

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out the words between "President" and "for necessary" and substitute "for the fiscal year 1958 not to exceed \$35 million"; strike out "and section 124"; and before the period at the end of the subsection, insert "and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance."

(2) Strike out subsection (c), and redesignate subsections "(d)" and "(e)" as subsections "(c)" and "(d)", respectively.

(l) Repeal section 412, which relates to Chinese and Korean students.

(m) Repeal sections 419 and 421, relating, respectively, to World Health Organization and Food and Agriculture Organization, which repeals shall not be deemed to affect amendments contained in such sections to acts other than the Mutual Security Act of 1954, as amended; and add the following new sections:

"SEC. 419. Atoms for Peace: (a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$7 million to carry out the purposes of this section.

"(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

"(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately destamped or labeled as a product of the United States shall be so stamped or labeled.

"SEC. 420. Malaria Eradication: The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to furnish to such nations, organizations, persons, or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. Funds made available pursuant to authorizations contained in this act (other than title I, chapter 1, and title II) may be

used to carry out the purpose of this section."

SEC. 9. Title V, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to general provisions, is further amended as follows:

(a) Amend section 503, which relates to termination of assistance, as follows:

(1) Strike out the subsection designation "(a)"; and in the last sentence of subsection (a) strike out "subsection" and substitute "section."

(2) Strike out subsection (b).

(b) In section 504 (a), which relates to small business, strike out "chapters 2 and" and substitute "chapter."

(c) Amend section 505, which relates to loan assistance and sales, as follows:

(1) In subsection (a), strike out "Assistance" in the first sentence and substitute "Except as otherwise specifically provided in this act, assistance"; and after "commodities" both times it appears in the second sentence, insert ", equipment, materials."

(2) In subsection (b), strike out the first sentence; and strike out "shall" both times it appears in the second sentence and substitute "may."

(d) In section 509, which relates to shipping on United States vessels, strike out the first sentence.

(e) In section 511 (c), which relates to retention and return of equipment, after "materials" the first time it appears, insert "on a grant basis"; and strike out "other than equipment or materials sold under the provisions of section 106."

SEC. 10. Title V, chapter 2, of the Mutual Security Act of 1954, as amended, which relates to organization and administration, is further amended as follows:

(a) In section 527 (c), which relates to employment of personnel, after "shall be entitled" in paragraph (1), insert ", except to the extent that the President may specify otherwise,"; and before the period at the end of paragraph (2), insert ": *Provided, however*, That the President may by regulation make exceptions to the application of section 528."

(b) In section 534, which relates to reports, after "504," insert "202, 400."

(c) In section 535 (b), which relates to cooperation with nations and international organizations, before "in furtherance of" in the first sentence insert "consistent with and"; and strike out "and within the limitations" in the first sentence.

(d) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In the opening clause of subsection (a), within the parentheses, strike out "and section 124."

(2) In subsection (a), paragraph (1), strike "1957" and substitute "1958."

(3) Amend the text of subsection (a), paragraph (10), to read "rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water, and utilities for such properties;"

(4) In subsection (a), paragraph (17), strike out "or" preceding "(iii)"; and after "another", insert ", (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel."

(5) In subsection (c), strike out the words preceding "funds"; change "funds" to "Funds"; and strike out "in the fiscal year 1957."

(6) Add the following new subsection:

"(e) Funds available under this act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of

this act (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, 84th Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however*, That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States."

SEC. 11. Title V, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to repeal and miscellaneous provisions, is further amended as follows:

(a) In section 543, relating to saving provisions, insert the following new subsections:

"(d) Funds appropriated pursuant to provisions of this Act repealed by the Mutual Security Act of 1956 or the Mutual Security Act of 1957 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. The repeal by the Mutual Security Act of 1957 of sections 121, 131 (c), and 132 of this act shall not be deemed to affect the authority contained in the third sentence of section 121, or the authorities contained in the last sentence of section 131 (c), that part of the first sentence of section 132 (a) which relates to payment of ocean freight charges on shipments to Korea for relief without regard to the requirements of section 409, and section 132 (d). References in any act to provisions of this act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in any act to provisions of this act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations."

(b) Amend section 544, which relates to amendments to other laws, as follows:

(1) Repeal subsections (a), (c), (d), (e), (f), (g), (h), and (i), which repeals shall not be deemed to affect amendments contained in such subsections to acts other than the Mutual Security Act of 1954, as amended; and redesignate subsection "(b)" as subsection "(a)."

(2) Add the following new subsection:

"(b) Public Law 174, 79th Congress, as amended, is hereby further amended by striking out the proviso at the end of section 2."

(c) In section 546 (b), relating to construction, strike out "Atomic Energy Act of 1946, as amended (42 U. S. C. 1801)" and substitute "Atomic Energy Act of 1954, as amended (42 U. S. C. 2011)."

(d) Repeal section 547, which relates to reduction of authorizations.

(e) In section 549, relating to special provision on availability of funds, strike out "chapter 3 of title I" and strike out the comma following "title III."

AMENDMENT OF CANAL ZONE CODE, RELATING TO FISCAL REQUIREMENTS OF PANAMA CANAL COMPANY

Mr. MAGNUSON. Mr. President, I introduce, for appropriate reference, a bill

which would amend sections 246 and 249 of the Canal Code in order to adjust fiscal requirements of the Panama Canal Company. The Members of the Senate will recall that last year the Senate Interstate and Foreign Commerce Committee held lengthy hearings and ultimately reported favorably S. 2167, which, among other things, contained the fiscal adjustments incorporated in the bill now introduced. As a result of some improvements in the administrative practices, and as a result of continually changing circumstances, last year's bill has been scaled down considerably.

I ask unanimous consent that a memorandum explaining the proposed legislation be inserted in the record at this point.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the memorandum will be printed in the RECORD.

The bill (S. 2138) to amend the Canal Zone Code to make certain changes in the fiscal obligations of the Panama Canal Company, introduced by Mr. MAGNUSON, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The memorandum presented by Mr. MAGNUSON is as follows:

MEMORANDUM TO ACCOMPANY DRAFT LEGISLATION AMENDING SECTIONS 246 AND 249 OF THE CANAL ZONE CODE

Section 1 of this legislation would amend section 246 of the Canal Zone Code so as to provide a statutory credit to the Canal Zone Government in its annual cost of operation for (a) the net cost of providing customs and immigration services for the Republic of Panama; (b) of providing school services to nonresidents of the zone other than employees or dependents of employees of the Canal Zone Government or the Panama Canal Company; and (c) one-half of the Federal income taxes derived from United States employees in the Canal Zone employed by the Zone Government, the Panama Canal Company, and the military agencies.

Under present law, the net cost of operation of the Canal Zone Government approximating \$10 million per year is required to be covered into the Treasury annually out of revenues from the Panama Canal Company. What the legislation would seek to accomplish is a more equitable distribution of these Zone Government costs between the Company itself and the Federal Government.

It has long been a bone of contention that the Panama Canal Company should use its revenues (derived 80 to 90 percent from tolls and 10 to 20 percent from the employees in the zone) to pay for the cost of supplying free schooling to nonresidents of the zone which free schooling has been determined to be a necessary political gesture to certain outside interests, including certain families in the Republic of Panama. There is a further bone of contention that the providing of immigration and custom services to the Republic of Panama by United States authorities is likewise a political gesture and a service not within the scope of the legislative obligations of the Panama Canal Company. This legislation would remove this annual burden from the Canal Zone Government and hence from the Panama Canal Company by providing a statutory credit for the expenses involved. It would, however, require no additional appropriations from the Federal Government.

The matter of crediting the Canal Zone Government for a portion of the Federal income taxes derived from the personnel residing in the zone is one which is not a new one for Congress to consider. The toll payers and the employees in the zone have for a number of years supported legislation which

would require the Canal Zone Government to bill back to other Federal agencies, including Defense Department, Immigration, Customs, Post Office, etc., those costs which in other jurisdiction are paid directly from Federal appropriations. In the 84th Congress, S. 2167, reported favorably by the Senate Commerce Committee, included such a provision. However, as a result of discussions between the industry and the Panama Canal Company, it is now recognized that such a scheme of bill-backs could prove administratively clumsy and that a statutory credit for income taxes paid in the zone is a more logical solution to the problem.

The legislative history leading up to the passage of Public Law 841, the primary law governing canal operations, would indicate that the Company is statutorily required to pay the net cost of Canal Zone Government on the theory that it is in lieu of taxes that it would have to pay if it were a private corporation. It is entirely consistent with this theory to apply revenues in the form of appropriate credits, as well as in the form of cash revenues, in the computation of the net cost to the zone government. The legislation proposed herewith is, therefore, consistent with congressional intent and simply identifies the proportion of Federal income taxes paid which should logically be used as an offsetting credit in computing the net cost of the zone government.

At present, approximately \$7.5 million is paid in private income taxes by United States citizens in the Canal Zone. None of these taxes are spent directly by the Federal Government for either the Company or the Canal Zone Government, since both of these entities are self-supporting. In effect, it may be said that local government services are being paid for twice—once by the Canal Company in meeting the net government costs, and again by the individual taxes for which no local credit is given.

Naturally, a portion of any citizen's tax goes to the tremendous Federal expenditure for national defense and security from which United States citizens in the zone directly benefit. It would, therefore, be ignoring that overall obligation to suggest that all income taxes paid by all citizens in the zone be credited to the expenses of running the local Government. But part of the income-tax revenues from United States citizens in the zone should go to pay for a portion of the cost of Federal, State, or municipal services in that area, such as police, fire, sewerage, schools, roads, as well as general Government costs. Even if 50 percent of the estimated \$7.5 million paid annually in income taxes were to be credited to the zone government, it still would represent a smaller share of local contribution to local services than is true in other United States local governments.

There is indeed a clear precedent for a full 100 percent income-tax plowback. In other Territorial jurisdictions, under Guam, Puerto Rico, and the Virgin Islands, the full income taxes paid by the citizens therein are paid to the treasury of the Territory for local allocation (U. S. C., title 48, secs. 1421h, 1397, and 734). And although there are political differences between the Canal Zone and United States Territories as regards local government autonomy, the principle is sufficiently analogous as to warrant careful consideration of a tax credit in the zone. Furthermore, whatever the nature of these local government costs, that is whether they are ones which are ordinarily handled in the United States by local taxing authorities or by Federal, the fact remains that they are now borne by the Panama Canal Company in its annual reimbursement to the Treasury and they are paid in lieu of taxes. (H. Doc. No. 460, 81st Cong., p. 14.)

At the time of consideration of Public Law 841 in 1950, United States citizens in the Canal Zone were not paying Federal income taxes. Congress acted on the assumption that there were no other tax revenues from

the zone and that, therefore, the Company should pay for all net Government costs without any tax credit. At about the same time, however, and by independent non-coordinated action, Congress also extended the income tax to employees in the Canal Zone, which became effective in 1951. Since that time, various suggestions have been made for legislation to provide for some form of income-tax plowback, agency reimbursement to the Company, or other devices to correct the inequitable financial burden placed upon the Company in reimbursing for necessary local government services. It has been determined that an income-tax credit is the fairest and least controversial device to accomplish this.

In seeking this tax credit, it is important to note that it will not place upon the employee customers in the zone any greater burden than they now have, and further it will not affect the income to the United States Treasury from these individuals, since the tax payments will continue to go directly to the Federal Treasury. The tax credit will not affect the prices of employee services either up or down, since the net cost of the Canal Zone Government is not reflected in the prices charged by the Company. Therefore the proposal does not harm the Canal Zone taxpayer, it merely gives realization and recognition to the fact that his taxes are in part contributing something to the Government services which he enjoys, and which he would be paying for in any other United States jurisdiction.

There is one inherent advantage in this scheme which should be mentioned finally. At present, residents in the zone have no voting franchise and often feel they have little to say about normal Government matters. It stands to reason that if 50 percent of their income taxes were to be reflected in a tax credit to the Zone Government that their interest in local government matters would be greatly increased; and it would mitigate the touchy problem of citizens in the zone being told they have no legitimate say in the local government, because they pay no taxes to the local government.

Section 2 of the proposed legislation would amend section 249 of the Canal Zone Code so as to set up an emergency borrowing authority of \$10 million upon which the Company-Government could call in the event Congress is not in session and an operational emergency should arise.

The source of the \$10 million fund would come from the so-called emergency fund of \$10 million which is now held on the Company books derived from previous surpluses, and provided for in the statute in section 254. Simultaneous with the provision for the borrowing authority would be the abolishment of this fund and amending language requiring that it be paid into the Treasury.

Under section 254 of title 2 of the Canal Zone Code, the Panama Canal Company is already authorized to borrow for temporary periods from this \$10 million emergency fund which the Company itself was required to establish in 1948. The draft legislation would simply change the authority to borrow from its own internal \$10 million fund and transfer this borrowing authority to a \$10 million fund held by the Treasury.

Enactment of the proposed legislation would relieve the company of the obligation to pay interest on the \$10 million fund as the paying into the Treasury of this amount of money reduces the interest-bearing investment of the Company. It stands to reason in corporate accounting practice that the holding of funds in excess of normal requirements requires a heavier interest burden than to borrow the money as needed, and only pay interest on the borrowed funds. This principle has the support of the administration and on April 24 a formal request was forwarded to the Congress by the Secretary of the Panama Canal Company for introduction and enactment of legislation to accomplish this.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 10, 1957
For actions of June 7, 1957
85th-1st, No. 98

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HIGHLIGHTS: Senate committees reported: Agriculture, Independent Offices, and Labor-HEW appropriation bills. Mutual security authorization bill.

SENATE

1. APPROPRIATIONS. The Appropriations Committee reported with amendments H.R. 7441, the Agricultural appropriation bill (p. D501). Representatives of the Department agencies have been advised in detail of the Committee's actions on the estimates for the Department. Copies of the bill, committee report, and hearings will be distributed directly to the agency budget offices, as soon as received, pursuant to a distribution list that has been worked out with the Department agencies. The agencies will receive the material at the same time this office will receive it. The material will not be distributed from this office. In general, copies should be obtained from the agency budget offices rather than from this office. At the end of this Digest is a summary of the Committee actions.

The Appropriations Committee ordered reported with amendments the following bills:

H.R. 6070, 1958 independent offices appropriation bill, providing a total of \$4,378,224,800, a decrease of \$6,976,900 from the House-passed total of \$5,385,201,700. p. D501

H.R. 6287, 1958 Labor Health, Education, and Welfare appropriation bill, providing a total of \$2,885,290,781, an increase of \$38,459,200 over the House-passed total of \$2,846,831,581. p. D501

2. FOREIGN AID. The Foreign Relations Committee ~~ordered~~ reported with amendments S. 2130, the proposed Mutual Security Act of 1957. As approved by the Committee the bill would reduce the total authorization requests by a net of \$227.3 million. ~~pp. D501-2~~ (S. Rept. 417)

3. SAFETY. S. 931, to provide for reorganization of the safety functions of the Government, was reported without amendment by the Government Operations Committee on June 5 (S. Rept. 408). This bill creates in the Labor Department a Federal Safety Division to direct and coordinate all safety educational programs and related loss-prevention procedures conducted by the various Federal agencies and to carry out the present functions of the Federal Safety Council; requires Federal agencies to include in their budget estimates, for safety activities, amounts at least equal to those recommended by the Labor Department, unless the departments concerned state in writing to the Labor Department and the Budget Bureau their reasons for not doing so; and imposes penalties for falsifying or concealing facts relative to injury or death of persons compensable under the Federal Employees' Compensation Act.

• HOUSE

4. FORESTRY. Received from GAO the first report on the audit of the Forest Service for 1955-56; to Government Operations Committee. p. 7638

5. LEGISLATIVE PROGRAM. Rep. McCormack announced that the following measures will be considered as soon as the civil rights bill is disposed of, possibly this week: Conference report on H.R. 7221, the third supplemental appropriation bill; H.R. 6974, to extend Public Law 480; S. 469, to extend termination date of Federal supervision over Klamath Indians; and H.R. 7168, the Federal construction contract procedures bill. p. 7623

6. ADJOURNED until Mon., June 10. p. 7638

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7. STATEHOOD. Extension of remarks of Rep. Dawson in favor of Alaskan statehood and commenting on provisions of the bill. pp. A4465-6

8. FOREIGN AID. Rep. Gary inserted an editorial, "More Proof of Foreign-Aid Waste;" on the House Government Operations Committee report on foreign aid operations. p. A4467

Extension of remarks of Rep. Smith urging the expansion of the technical assistance program on a long-term basis. p. A4467

Rep. Haley inserted a letter from a constituent protesting the size of the budget and continued foreign aid. p. A4471

Rep. Sullivan inserted a letter from a Postal employee contending that foreign aid should be suspended if the Government couldn't afford to give its workers a pay increase. pp. A4480-1 to

Rep. Bosch inserted a column relating/certain foreign aid expenditures and criticizing the program. p. A4481

9. BUDGET. Rep. Coad inserted an editorial, "Who Is In Charge Down There?", criticizing the administration's stand on the budget. pp. A4469-70

10. TAX AMORTIZATION; ELECTRIFICATION. Rep. Ullman inserted two articles concerning the fast tax writeoff granted the Idaho Power Co. pp. A4470-1

85TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 417

THE MUTUAL SECURITY ACT OF 1957

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

S. 2130



JUNE 7, 1957.—Order to be printed with an illustration.

Filed under authority of the order of the Senate of June 6, 1957

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1957

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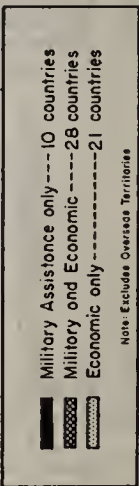
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COUNTRIES WITH FY 1958 PROGRAMS



MUTUAL SECURITY ACT OF 1957

JUNE 7, 1957.—Ordered to be printed with an illustration

Filed under authority of the order of the Senate of June 6, 1957

Mr. GREEN, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 2130]

The Committee on Foreign Relations, having had under consideration the bill, S. 2130, to amend further the Mutual Security Act of 1954, as amended, and for other purposes, reports it favorably with an amendment in the nature of a substitute, and recommends that, as amended, it do pass.

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to continue the multiple activities which come under the general heading of the mutual security program, to clarify the purposes of these activities, and to put them on a more rational basis.

2. WHAT THE BILL DOES

The bill, which is drawn in terms of amendments to the Mutual Security Act of 1954, makes a number of fundamental changes in that act and adds some further refinements. Its most important provisions are:

1. Military assistance and defense support are authorized for 2 years instead of 1.

2. A development loan fund is created to make loans and to engage in financial transactions, other than grants or purchase of equity securities, designed to promote the economic development of less developed countries. Appropriations of \$500 million are authorized for fiscal 1958, and in addition the fund is authorized to borrow from the Treasury \$750 million in each of fiscal years 1959 and 1960. This new lending authority, which will be used to supplement the activities of private enterprise, the Export-Import Bank, and the

International Bank for Reconstruction and Development, replaces the former Mutual Security Act provisions for development assistance.

3. The bill provides a sliding scale for reducing the percentage of United States contributions to the United Nations technical assistance program. According to this scale, United States contributions, which this year amount to approximately 49 percent, will be reduced to 45 percent in 1958, to 38 percent in 1959, and to 33.33 percent in 1960. Within the 45 percent limitation, an appropriation of \$15.5 million is authorized for 1958. The bill also authorizes \$151.9 million for the United States bilateral technical assistance program and \$1.5 million for contribution to the technical assistance program of the Organization of American States.

4. Special assistance in the amount of \$250 million is authorized to supplement program funds to meet unforeseen changes or to meet special or unforeseen situations. Of this amount, \$100 million may be used, as in past years, in the President's discretion without regard to the other requirements of the act when the President determines such use to be important to the security of the United States. The remainder, or \$150 million, is designed to meet situations which could not otherwise be met under the more stringent terms written into the bill this year in regard to defense support and development loans. In addition, \$25 million, of which 90 percent must be in loans, is separately authorized for economic development in Latin America.

5. Provision is also made for an additional contribution of \$220 million to NATO infrastructure, for continuing assistance to West Berlin, for assistance to various classes of migrants, refugees, and escapees, for contributions to the United Nations Children's Fund, to Arab refugees from Palestine, to the civilian activities of the North Atlantic Treaty Organization, for the atoms for peace program, and for payment of ocean freight charges on private relief shipments.

6. A program of malaria eradication is specifically authorized for the first time, to be financed mainly out of technical cooperation and special assistance funds.

7. The limitation of 31.5 percent on United States contributions to the U. N. Food and Agriculture Organization is increased to 33.33 percent.

8. Various administrative and technical amendments, which are explained below, are also made in the act.

The following table shows the authorizations carried in the bill and the appropriations which will be requested:

Mutual security program for fiscal year 1958

	Administration request	Committee bill
Military assistance.....	Continuing authorization with \$1,900,000,000 to be appropriated in fiscal 1958.	2-year authorization: \$1,800,000,000 in fiscal 1958 and \$1,500,000,000 in fiscal 1959.
Defense support.....	Continuing authorization with \$900,000,000 to be appropriated in fiscal 1958.	2-year authorization: \$800,000,000 in fiscal 1958 and \$710,000,000 in fiscal 1959.
Development loan fund.....	\$500,000,000 to be appropriated in fiscal 1958 plus borrowing authority of \$750,000,000 in each of the fiscal years 1959 and 1960.	Same as requested.
Technical cooperation:		
Bilateral.....	Continuing authorization with \$151,900,000 to be appropriated in fiscal 1958.	1-year authorization: \$151,900,000.
Multilateral:		
United Nations.....	\$15,500,000	\$15,500,000
Organization of American States.....	1,500,000	1,500,000
Other programs:		
Special assistance.....	300,000,000	250,000,000
Latin American economic development.....		25,000,000
Joint control areas.....	11,500,000	11,500,000
U. N. Refugee Fund.....	2,233,000	2,233,000
Escapee Program.....	5,500,000	5,500,000
U. N. Children's Fund.....	11,000,000	11,000,000
Ocean freight on voluntary relief shipments.....	2,200,000	2,200,000
Battle Act administration.....	1,300,000	1,000,000
ICA administration.....	35,000,000	33,000,000
Atoms for Peace.....	7,000,000	7,000,000
Total.....		3,617,333,000

NOTE.—The administration authorization request, which put military assistance, defense support, and technical cooperation on a continuing, indefinite basis, is not susceptible to being totaled.

The administration in its presentation had, however, indicated it would make an appropriation request totaling \$3,864,410,000. This included the figures indicated above plus \$12,500,000 for the Intergovernmental Committee for European Migration, \$2,700,000 for NATO civilian headquarters, and \$4,577,000 for State Department administrative expenses, all of which items are provided for by continuing authorizations already in the law. Thus, the net reduction made by the committee is \$227,300,000.

The table below shows the distribution of the proposed fiscal 1958 program by area and function, without taking into account the reductions made by the committee. These reductions are on a worldwide basis and cannot now be assigned to specific areas or countries.

DISTRIBUTION OF FISCAL YEAR 1958 MUTUAL SECURITY PROGRAM

Summary by area and function

[In thousands of dollars]

Area	Total, all programs	Military assistance	Development loan fund	Technical cooperation	Other programs
Europe.....	401,909	338,509	-----	3,500	29,900
Near East, south Asia, and Africa.....	695,207	300,407	-----	59,700	143,100
Far East and Pacific.....	1,445,377	680,829	-----	30,000	248,548
Latin America ¹	94,456	25,956	-----	36,500	32,000
Nonregional programs.....	1,798,809	955,299	500,000	30,200	313,310
Total programs, fiscal year 1958.....	4,435,758	2,400,000	500,000	168,900	466,858
Less: Unobligated carryover available from fiscal year 1957 funds.....	571,348	500,000	-----	-----	71,348
Appropriation request.....	3,864,410	1,900,000	500,000	168,900	395,510

¹ Includes \$23,800,000 estimated unobligated balance as of June 30, 1957, requested for reappropriation for Palestine refugees in the Near East.

² Includes \$47,548,000 estimated unobligated balance as of June 30, 1957, continued available for use in fiscal year 1958 for President's fund for Asian economic development.

³ Figures do not include \$25 million authorized for economic development in Latin America.

The committee has had made available to it detailed figures on each program proposed in each country. Most of the country figures are classified "secret" by the executive branch. The committee is not convinced that such a classification is necessary on so many items in the interest of national security, but the committee does respect the views of the executive branch which emphasizes the inadvisability of disclosing program figures for individual countries prematurely. The complete, detailed figures are available in the Foreign Relations Committee room to any Senator and will be available in the Senate Chamber during consideration of this bill for confidential examination by any Senator.

3. BACKGROUND AND COMMITTEE ACTION

This present bill in large part reflects the conclusions of the Special Committee To Study the Foreign Aid Program, which was created by Senate Resolution 285, agreed to July 11, 1956, and which transmitted its report to the Senate May 13, 1957 (S. Rept. 300, 85th Cong., 1st sess.). In particular, the bill embodies the following recommendations of the special committee:

1. The objectives of the various aid programs are to some extent separated, refined, and restated.

2. Military aid, supporting aid (further broken down in the bill as "defense support" and "special assistance"), and technical assistance are continued.

3. Economic development assistance is put on a repayable basis through the mechanism of a development loan fund.

4. Military aid is to be administered by the Department of Defense with stronger foreign policy direction vested in the Secretary of State.

5. Responsibility for defense support and special assistance rests primarily with the Secretary of State who is specifically required to coordinate all forms of assistance and to determine the level of military assistance to any country.

There is no need to repeat here the detailed findings and reasoning which led the special committee to conclude that foreign aid "programs do serve the interests of the United States" and that they can be made to do so "at a lower cost, with a much higher degree of effectiveness than is now the case." The special committee's studies and conclusions have been published and are available to the Senate, especially in Senate Report 300.

The special committee recognized that many of its recommended changes would take time to bring about, but it was firmly of the opinion that a start should be made in fiscal 1958. Such a start is made in S. 2130. The Committee on Foreign Relations intends to pursue the recommendations of the special committee so that, in fact, the programs herein authorized can be made to serve American national interests "at a lower cost, with a much higher degree of effectiveness." The committee is of the opinion that the changes made in the program by S. 2130 will in themselves result in long-term savings and greater effectiveness, though—largely because of the initial capital appropriation to the development loan fund—these savings will not be immediately reflected in lower appropriations.

Following conclusion of the special committee's voluminous studies and the transmittal of its report to the Senate, the President on May

21 sent a special message to Congress (H. Doc. 182) containing his recommendations for the mutual security program. The following day the committee began hearings on S. 2130 which embodied the administration proposals and which was introduced, by request, by Senators Green and Wiley.

In public session, the committee heard Secretary of State John Foster Dulles, International Cooperation Administration Director John B. Hollister, Assistant Secretary of Defense Mansfield D. Sprague, Secretary of Defense Charles E. Wilson, and Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff. The committee also heard the views of all nonadministration witnesses who asked to appear, including representatives of the National Council of Jewish Women, the League of Women Voters, the National Council of Churches, the American Farm Bureau Federation, the American Veterans Committee, Americans for Democratic Action, the American Federation of Labor and Congress of Industrial Organizations, the Board of Missions of the Methodist Church, the Women's International League for Peace and Freedom, the Friends Committee on National Legislation, the Cooperative League, the National Congress of Parents and Teachers, and the Citizens Committee for UNICEF.

In executive sessions June 3, 4, and 5 the committee heard witnesses from the State Department, the International Cooperation Administration, and the Defense Department on the details of the various programs. Gen. Lauris Norstad, Supreme Allied Commander, Europe, was heard in executive session June 7.

On June 6, the committee in executive session began section-by-section consideration of the proposed bill and amendments, and on June 7 voted 12 to 3 to report the bill with an amendment in the nature of a substitute. At that time, it was agreed that the senior Senator from Oregon (Mr. Morse) would have until Wednesday night, June 12, to file minority views.

4. MILITARY ASSISTANCE (SEC. 2)

A. AUTHORIZATION (SEC. 2 (a) (1))

The bill authorizes appropriation to the President of not to exceed \$1.8 billion for military assistance for fiscal 1958 and of not to exceed \$1.5 billion for fiscal 1959. In both instances, the appropriations are to remain available until expended.

The executive branch had requested a continuing authorization for military assistance with the precise amounts to be determined annually in appropriation bills. This would have put military assistance funds on the same basis as Defense Department funds and would have facilitated the annual handling of military assistance as a separate title of the Defense appropriation bill. It would also have emphasized the fact that military assistance is inseparably related to other United States defense activities.

The committee recognizes this fact but it is also impressed, however, with the fact that military assistance is a very important part of foreign policy and that it has a significant bearing on United States foreign relations. For this reason, the committee felt it was not wise to put military assistance on an indefinite basis and thereby remove it from periodic review and check by Congress from the

policy point of view. The 2-year authorization means that next year military assistance can be handled as a part of Defense Department appropriations, if that is desired and provided the amounts requested do not exceed the sums authorized. It means also that in 1959 the Foreign Relations Committee will conduct a thorough review of the program.

The committee also calls attention to the fact that the total appropriation authorized for fiscal year 1959 is \$300 million less than that authorized for fiscal year 1958. It seems reasonable to expect that such a reduction can safely be made with continued improvements in management and refinements of objectives. If, for some now unexpected reason, requirements should greatly increase in the next year, additional authorizing legislation would be required. This assures that, even next year, military assistance will be subjected to a policy review if the world situation changes substantially for the worse.

There can be little doubt that a continuation of military assistance for 2 years is in the national interest. Through fiscal year 1956, United States expenditures for military assistance totaled \$17.4 billion—about half what is spent in a single year on our own Defense Establishment—and resulted in the improvement of about 200 allied combat divisions plus substantial allied air and naval forces. In the same period, our allies spent \$107 billion on defense. United States military assistance is therefore seen to be only a fractional part of United States or allied military spending. But it is a critical fraction.

Further, the committee agrees with Secretary Wilson that—

There is no real basis for assuming that the danger confronting the United States and the free world has already lessened * * *

The military capabilities of the Soviet forces for land, sea, and air warfare have definitely increased during the last year. Their ability to deliver the nuclear weapons which they are known to possess has improved. The industrial development of the entire Communist bloc has made great progress. This mighty effort has not, in any significant degree, been directed toward raising the standard of living of the Russian people; economic development behind the Iron Curtain continues to be directed primarily to military ends (hearings, p. 209).

B. SALES OF MILITARY EQUIPMENT (SEC. 2 (a) (3))

Section 103 (c) of the act now provides that when military assistance appropriations are used to furnish assistance upon terms of repayment within 10 years or earlier, such aid may be rendered without regard to certain other requirements of the law, to nations from which the President has received satisfactory commitments regarding the use of the military equipment. Section 2 (a) (3) of S. 2130 amends this section to provide that when military assistance appropriations are used to furnish assistance upon 3-year terms of repayment, repayments in dollars will continue to be available to finance further sales. Foreign currency repayments will be available for military assistance. The bill limits repayments which may be used for this purpose to \$175 million, which is the amount the administration has estimated will be required.

The object of this amendment is to facilitate sales of military equipment. Particularly in Western Europe the capacity to buy military equipment is increasing. The proposed amendment will enable the Defense Department to sell equipment on 3-year credits and to revolve repayments from such sales. This should expedite such transactions and result in long-term savings to the United States.

C. INFRASTRUCTURE (SEC. 2 (b))

Section 2 (b) of the bill amends section 104 (a) of the act to provide an authorization for an additional contribution of \$220 million to NATO infrastructure. This will meet the United States share of a new \$630 million 4-year program adopted last August by the North Atlantic Council. This is the program under which facilities, such as airfields, communications networks, and fuel storage and distribution systems, are constructed for NATO forces. The program is a cooperative one among all NATO powers and is approved for payments on an annual basis. The United States contribution currently amounts to between 39 and 40 percent of the total, but will be reduced to approximately 34.7 percent under a new cost sharing formula recently adopted.

As it now stands, the Mutual Security Act authorizes total contributions, out of military assistance funds, of \$780 million for this purpose. S. 2130 increases this authorization to \$1 billion. Through fiscal 1957, the total United States contribution will amount to \$636.6 million. The estimated fiscal 1958 requirement is \$109.4 million, and future requirements, which are provided for in the pending bill, are \$254 million.

This is a program which the Congress has approved many times. Although it is authorized separately, the funds to meet it are included in the general authorization for military assistance and therefore do not add to the total in the bill. In the opinion of the committee, it is a worthwhile undertaking and one which is essential to the successful functioning of the NATO military forces.

D. TECHNICAL CHANGES (SEC. 2 (a) (2), SEC. 2 (c) (d) AND (e), SEC. 3, AND SEC. 5 (c))

Sections 2 (a) (2) and 2 (c) of the bill strike out references to sections of the act which are repealed as obsolete.

Section 2 (d) of the bill amends the references, in section 107 of the act, to sections and titles of the United States Code. This is done to conform to a new codification enacted last year.

Section 2 (e) of the bill repeals section 108 of the act which authorized the transfer of certain military equipment to Japan. The authority under this section expired June 30, 1956, the transfer has been completed, and the section is obsolete.

Section 3 of the bill repeals all of chapter 2 of title I of the act, most of which have become obsolete. Two sentences in section 121, which it is deemed useful to retain, are reenacted by section 5 (c) as a new section 144 of the act. One of these sentences authorizes the President to waive specific requirements of section 142 of the act (relating to agreements which must be signed by countries receiving military assistance) in the case of Cambodia, Laos, and Vietnam and, to the

extent of 10 percent of available appropriations, in the case of other nations in southeast Asia. The second of the two sentences requires the President to report each such waiver to specified committees of the Congress.

5. DEFENSE SUPPORT (SEC. 4 AND SEC. 10 (a))

The bill repeals obsolete provisions of the chapter dealing with defense support and otherwise amends that chapter in two important respects.

First, it redefines defense support. Second, it authorizes appropriations for defense support of not to exceed \$800 million for fiscal 1958 and of not to exceed \$710 million for fiscal 1959. In both cases the appropriations are to remain available until expended.

Although the redefinition of defense support involves only the addition of one word, "specifically", the committee attaches considerable importance to it. Because of ambiguities in the law, defense support over the past few years had come to be a sort of hodgepodge, catchall category of aid which was limited to those countries also receiving military assistance but which, within those countries, could include anything, however remotely related to military purposes. It is the intent of this amendment to limit defense support to that aid which is specifically designed to sustain or increase the military effort of the recipient country. Under the new concepts of aid incorporated in the Mutual Security Act this year, if it is desired to aid countries receiving military assistance to an extent over and above that required to sustain their military effort, or to assure the availability of bases needed by the United States, then such aid cannot come from defense support but must either come from special assistance or must be placed on a loan basis from the development loan fund.

The committee recognizes that such additional aid will be desirable in certain of the countries which receive military assistance and defense support—especially certain countries in the Far East. But this additional aid must be clearly justified and labeled for what it is; it can no longer masquerade as defense support.

The 2-year authorization for defense support is in line with the committee's action in regard to military assistance, and is designed to put these two types of aid on the same basis. As in the case of military assistance, the authorization for defense support in fiscal 1959 is lower than in fiscal 1958. Again, this reflects the committee's judgment that these programs can and should be reduced and that, if the world situation changes so drastically that they cannot be reduced, then they should be further reviewed from the policy point of view. It is contemplated that defense support will be appropriated, along with military assistance, in a separate title of the Department of Defense budget, but the committee has added language to the bill (sec. 10 (a)) specifically requiring that defense support activities continue to be carried out only through the Secretary of State and his subordinates. This will insure that defense support will continue to be administered under the policy guidance of the Secretary of State. It will further reinforce the foreign policy aspects of the mutual security program.

This arrangement, in the committee's judgment, will bring about a far better consideration of the economic implications of military assist-

ance, not only in the executive branch but also in Congress. As redefined, defense support is so closely related to military assistance that it cannot be planned without regard to military assistance.

The authorization of \$800 million for defense support in fiscal 1958 compares with programs of \$1.2 billion in fiscal 1957 and \$1.1 billion in fiscal 1956. The decrease reflects the new concept. More than two-thirds of the total originally requested by the executive branch—or \$668 million out of \$900 million—is for the Far East and the Pacific, primarily Korea, Taiwan, and Vietnam. All three of these countries are in dire economic straits and are at the same time maintaining large armed forces. Korea and Vietnam are artificially divided and are living in a period of uneasy truce, threatened by large Communist armies to the north. The Chinese Communists continue to build up their military strength on the mainland opposite Taiwan.

It is obviously in the United States national interest for these countries to maintain military forces capable of offering at least some resistance to initial Communist attack. It is equally obvious that these countries cannot maintain such forces without outside help, not only of a military, but also of an economic, character. It is the purpose of defense support to provide such help.

Aid of a similar character will also be extended in fiscal 1958 to Spain, Greece, Iran, Turkey, Ethiopia, Libya, Morocco, Pakistan, Cambodia, Laos, Thailand, and the Philippines. Section 4 (b) of the bill repeals section 132 of the act, which relates to the Korean program and which is obsolete except for one subsection granting special authority to meet the special situation in Korea. This authority is reenacted by section 4 (a) (4) of the bill as a new section 131 (d) of the act.

6. AID TO YUGOSLAVIA (SEC. 5 (b))

Section 5 (b) of the bill amends section 143 of the Mutual Security Act, relating to aid to Yugoslavia. Section 143, which was added to the law last year, provided that no assistance could be furnished to Yugoslavia after the expiration of 90 days following the date of enactment, unless the President made a finding and reported to Congress that: (1) There had been no change in Yugoslav policies affecting aid and that Yugoslavia was independent of Soviet control; (2) Yugoslavia was not participating in any policy or program for Communist world conquest; and (3) that it was in the interest of United States national security to continue assistance to Yugoslavia.

The finding required by this section was made by the President and reported to Congress, and therefore the practical effect of the section lapsed. The committee, however, is of the opinion that assistance to Yugoslavia should be kept under constant and high-level review. It substituted, therefore, for the present language of section 143 a requirement that in furnishing assistance to Yugoslavia, the President shall continuously assure himself: (1) that Yugoslavia continues to maintain its independence; (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world; and (3) that the furnishing of such assistance is in the interest of the national security of the United States.

The new section further requires that the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House and the Appropriations Committees of both Senate and House are to be

kept fully and constantly informed of assistance furnished to Yugoslavia.

7. DEVELOPMENT LOAN FUND (SEC. 6)

Section 6 of the bill replaces the present provision of title II of the Mutual Security Act, relating to development assistance, with entirely new provisions setting up a development loan fund. One subsection of the existing title II (sec. 201 (c)) is made a new section 537 (d) of the act. Section 201 (c) now authorizes use of development assistance funds for expenses incident to carrying out the Agricultural Trade Development and Assistance Act. In its new form, it authorizes special assistance funds for this purpose.

The new title II endorses the principle that the economic progress of other free peoples is important to the security and welfare of the United States. It reaffirms the policy of assisting these peoples in their economic development.

To carry out this policy, the bill establishes a development loan fund as part of the mutual security program. It authorizes an appropriation of \$500 million for fiscal year 1958 to provide the initial capital for the fund. In addition, unless disapproved in the act appropriating these funds, a public debt transaction is authorized whereby the Treasury will advance \$750 million for the fund's capitalization beginning in fiscal year 1959 and an additional \$750 million beginning in fiscal year 1960. Any of the above funds not committed in one fiscal year remain available for use in subsequent years. As payments are made on loans and other transactions of the fund, these revert to the fund and may be used again, thus establishing the revolving character of the operation.

The fund will operate on the basis of firm commitments to repay all loans either in dollars or other currencies. The resources of the fund may be used to make loans or other investments for the development of less-developed areas. Advances for this purpose may be made to private individuals and entities, quasi-public organizations, governments, and regional and international organizations.

The fund will finance economic development on the basis of three criteria: (1) lack of availability of other sources of finance in the free world; (2) the economic and technical soundness of the activity to be financed; and (3) the prospect that a given project will contribute to the development of economic resources or to productive capacity.

Although the fund's operations may extend to any free nation, they will be directed primarily to assisting in the economic development of the less-developed areas. The committee wishes to stress its understanding that every consideration will be given to Latin America in the use of the fund. It emphasizes that the resources of the fund, where appropriate, will be made available for Latin America notwithstanding the special provision of \$25 million for assistance to that region contained in section 8 (a) of this bill.

The fund will be operated as a special unit within the International Cooperation Administration. The individual who is designated to be the administrator of the fund must be appointed by the President and confirmed by the Senate. The fund will operate in accordance with policy guidance from the Secretary of State.

The committee is of the opinion that the success or failure of the fund will be heavily dependent on the effectiveness with which its

operations are coordinated with those of private investment channels, the Export-Import Bank, the International Bank and various agencies of the executive branch involved in significant overseas economic activity. Effectiveness is also dependent, as the Secretary of State and other witnesses emphasized, on foreign-policy guidance in the operation of the fund.

Provision is therefore made for an Advisory Loan Committee. This Advisory Committee will consist of the Deputy Under Secretary of State for Economic Affairs, the chairman of the International Development Advisory Board, the Administrator of the funds and representatives designated by the President from the Export-Import Bank, the Department of Agriculture, the Department of Commerce, and the United States representatives on the International Bank for Reconstruction and Development, as well as representatives of such other Government agencies as the President considers necessary "to insure proper coordination of the fund's activities with the activities of other sources of capital which flows abroad."

The Chairman of the Advisory Loan Committee will be the Deputy Under Secretary of State for Economic Affairs, and the vice chairman will be the administrator of the fund.

The committee is to advise and consult with the President or the fund's administrator not only with respect to basic policy matters but with respect to each new obligation of the fund of more than \$10 million. If the administrator of the fund proceeds with such a transaction against the advice of a majority of the committee, he is required to furnish in writing the reasons for his doing so to the Advisory Committee and also to the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

In addition, the Foreign Relations and Foreign Affairs Committees are to be notified at the time of the final consummation of any loan which is for more than \$10 million and which is for a project requiring more than 1 year for completion.

Finally, the bill specifies that the fund is not to compete with private investment capital nor with existing lending facilities.

The committee is assured by the executive branch that the development loan fund is designed to centralize in a single title of the Mutual Security Act almost all economic assistance for development purposes. Exceptions are technical cooperation and certain projects which may be provided under special assistance. The committee cannot emphasize too strongly the importance of centralizing development aid in the fund and placing it on a reimbursable basis. One of the principal shortcomings of the previous legislation, as the report of the Special Committee To Study the Foreign Aid Program noted, was the scattering of economic development aid in the category of defense support and other titles of the act and the provision of such aid on both a grant and loan basis without clear criteria for the one or the other. This confusion made it extremely difficult to evaluate intelligently specific parts of the foreign aid program. The committee is assured by the executive branch that this practice will now be ended.

On the basis of these assurances the committee believes that the fund can operate on a businesslike basis. The intention that it should operate on a businesslike basis is emphasized not only by the criteria for extending loans, but also by the powers given the fund to engage in a wide variety of business transactions and by the exemption of the

fund from the President's special waiver and transfer authorities in other sections of the act. It is specifically provided that the President may not waive the Battle Act in connection with the fund's operation. Provision of sufficient capital over a 3-year period should enable the administrators to plan operations in an efficient, economical fashion which will be to the benefit of this country as well as nations seeking loans and other investment funds for their economic development. Over a period of years the committee anticipates the operations of the fund will be of such a nature that it can finance its own continuation as in the case of the Reconstruction Finance Corporation.

The committee considered limiting the lending capacity of the fund to \$500 million for 1 year or \$1.2 billion to \$1.5 billion for 2 years but rejected this course on the grounds that it would not provide sufficient resources or time for the Fund to be established on a businesslike basis. It is unlikely that the fund will commit the full resources provided to it within the 3-year period. This is an important advantage and is not a valid ground for reducing these resources. A great deal of the effectiveness of the fund will stem from the fact that it has available more than enough capital to meet reasonably anticipated needs. This surplus will be a firm indication to the less-developed countries that the United States is serious in this matter and that, if they propose sound projects, the money will be available. In any event, Congress may at any time repeal or modify the power of the fund to borrow \$750 million from the Treasury in fiscal year 1959 and fiscal year 1960 if such a course should prove desirable.

The committee also considered the possibility of applying to the lending capacity of the fund, in lieu of a corresponding amount of new borrowing power, the dollar amounts received in payment of principal and interest on loans previously made by the ICA and its predecessor agencies which now revert to the Treasury. The executive branch has assured the committee that this possibility will be examined and the committee believes this examination should be made and reported on prior to the beginning of fiscal year 1959.

8. TECHNICAL COOPERATION (SEC. 7)

Bilateral programs.—Section 7 (a) of the bill authorizes an appropriation of \$151.9 million for fiscal year 1958 for the bilateral programs of technical cooperation. The committee believes that this increase over last year's appropriation of \$135 million is warranted by the substantial achievements of the program. This program has been one of the most effective and modest forms of foreign aid. It has obtained wide approval in the less-developed countries and has at the same time served to build an invaluable kind of people-to-people good will as well as opportunities for trade and investment for this country. That such is the case is attested to by the report of the Special Committee To Study the Foreign Aid Program, the report of the Special Subcommittee on Technical Assistance and the reports of individual members of the Senate.

The executive branch sought in this year's legislation a continuing authorization for technical cooperation. Until now it has been the practice both to authorize and to appropriate funds for technical cooperation each year. The committee has seen fit to continue this practice in the present legislation. It has done so not because of any

serious reservations as to the current pattern of operations of technical cooperation or any doubt as to the continuing utility and value of this program. Rather, it has done so because it believes the guidance and control which annual authorizations permit Congress to exercise have had a salutary effect on the development of the program and have served to inhibit a tendency on the part of the administration to confuse technical assistance with commodity and capital aid programs. The committee was influenced, moreover, by the recommendations of the Special Committee To Study the Foreign Aid Program. That committee recommended full and continuing support of the program but suggested that there would be a value in continuing annual authorizations at least for the next 2 or 3 years.

Multilateral programs.—Section 7 (b) of the bill authorizes an appropriation of \$15.5 million for United States contributions to the United Nations expanded program of technical assistance and \$1.5 million for contributions to the technical cooperation program of the Organization of American States. In both instances the amounts are identical with those allowed in fiscal year 1957.

The committee has set a maximum of 45 percent on the United States contribution to the U. N. program, a reduction of about 4 percentage points from the current ratio of United States contributions to the program. Without this change, which was requested by the executive branch, the United States percentage share would have been limited in 1958 to 33½ percent of the total U. N. technical assistance budget, in accordance with the terms of last year's Mutual Security Appropriation Act. The committee is in sympathy with the desire to reduce our contribution to the U. N. program to that percentage level. However, it is persuaded that to make the change in one year would be so drastic as to disrupt seriously the operation of the U. N. program and jeopardize the leading role the United States has assumed in these activities in less-developed nations of the world. It has therefore provided a progressive reduction whereby the percentage of the United States contribution will be further reduced to 38 percent in 1959 and to 33½ percent in 1960.

The following tables show the proposed distribution of United States technical cooperation funds in fiscal year 1958 by country and by activity:

Illustrative country programs

[In thousands of dollars]

Europe.....		3, 500
Spain.....	1, 000	
Yugoslavia.....	2, 500	
Near East.....		23, 960
Greece.....	810	
Iran.....	6, 000	
Iraq.....	2, 835	
Israel.....	2, 000	
Jordan.....	2, 200	
Lebanon.....	2, 100	
Turkey.....	5, 595	
Regional and undistributed.....	2, 420	
South Asia.....		24, 040
Afghanistan.....	3, 000	
Ceylon.....	1, 600	
India.....	10, 000	
Nepal.....	1, 440	
Pakistan.....	8, 000	

Illustrative country programs—Continued

[In thousands of dollars]

Africa.....	11, 700
Ethiopia.....	3, 000
Ghana.....	800
Liberia.....	2, 100
Libya.....	2, 400
Morocco.....	1, 300
Tunisia.....	1, 000
Overseas territories.....	1, 100
Somalia (350).	
British (750).	
Far East and Pacific.....	39, 000
Cambodia.....	2, 500
Indonesia.....	7, 000
Japan.....	3, 100
Korea.....	7, 000
Laos.....	2, 000
Philippines.....	4, 000
China (Taiwan).....	3, 000
Thailand.....	5, 000
Vietnam.....	4, 900
Regional and undistributed.....	500
Latin America.....	36, 500
Bolivia.....	3, 400
Brazil.....	4, 455
Chile.....	2, 670
Colombia.....	1, 590
Costa Rica.....	1, 181
Cuba.....	650
Dominican Republic.....	210
Ecuador.....	2, 000
El Salvador.....	1, 050
Guatemala.....	2, 580
Haiti.....	1, 550
Honduras.....	1, 500
Mexico.....	1, 250
Nicaragua.....	980
Panama.....	1, 300
Paraguay.....	1, 580
Peru.....	2, 910
Uruguay.....	510
Venezuela.....	210
Overseas territories.....	890
Regional and undistributed.....	2, 534
Organization of American States (OAS).....	1, 500
Other programs.....	30, 200
U. N. Expanded Program of Technical Assistance.....	15, 500
Interregional expenses.....	14, 700
Grand total.....	168, 900

Technical cooperation by field of activity

[In thousands of dollars]

Agriculture and natural resources.....	33, 101
Industry and mining.....	20, 309
Transportation.....	9, 584
Labor.....	3, 328
Health and sanitation.....	14, 111
Education.....	25, 354
Public administration.....	11, 239
Community development, social welfare and housing.....	4, 692
General and miscellaneous.....	1 47, 182
Total.....	168, 900

¹ Includes Technical Cooperation Program of the Organization of American States, UN Technical Assistance, and interregional expenses.

9. OTHER PROGRAMS (SEC. 8)

A. SPECIAL ASSISTANCE AND THE PRESIDENT'S SPECIAL AUTHORITY
(SEC. 8 (a) AND (b))

In his message to Congress, the President recommended that—
needs for special economic assistance should be met by funds
authorized and appropriated specifically for this purpose * * *

The President's recommendation is contained in a new section 400 in the Mutual Security Act which authorizes the appropriation of \$250 million for fiscal year 1958 (as compared with \$300 million requested by the President) to be used, on such terms and conditions as the President may specify, for assistance to maintain or promote political or economic stability or for assistance in accordance with the provisions of the act applicable to title I (military assistance and defense support), section 304 (technical cooperation), section 405 (migrants, refugees and escapees), and section 407 (Palestine refugees). Of the sum provided, \$100 million may be used in accordance with the provisions of section 401 (a), which grants the President special authority to waive the provisions of law and which is further discussed below.

The new section 400 comprises funds previously contained in section 401 (b), which is being repealed, that portion of defense support resembling development assistance which is unsuitable, however, for loans by the Development Loan Fund, and limited funds for grant economic aid in special cases.

A little over \$100 million has already been programed, for such items, among other projects, as malaria eradication (\$19.4 million), Hungarian refugees (\$10 million) and Western European Technical Exchange (\$3.4 million). The remaining amount is proposed to meet the following contingencies: (1) requirements which are now contingent and which can be reasonably anticipated; (2) requirements which may arise but which are now unforeseen; and (3) possible increases in the cost of meeting requirements which are now firm.

Examples from the past are the programs instituted during fiscal year 1957 for Morocco and Tunisia, both of which became independent during 1956; the requirements generated by such events as the Hungarian rebellion in 1956, the Suez crisis; and catastrophes of nature.

Special assistance, in brief, is designed to enable the President to institute new programs or revise existing ones during the course of the fiscal year to the extent of the unprogramed \$150 million without disturbing established programs.

The committee and the Congress have previously recognized the need for program flexibility and for the capability for meeting unforeseen requirements. Section 401 authorized \$100 million for each of the fiscal years 1956 and 1957 and provided authority to use up to \$150 million of other mutual security funds for such purposes and without regard to other requirements of the law.

This waiver authority is continued and broadened somewhat in S. 2130. The present law authorizes the President, when he determines that it is important to the security of the United States, to waive the requirements of the Mutual Security Act or any other act

for which funds are authorized by the Mutual Security Act. Section 8 (b) of S. 2130 authorizes the President to use these funds not only without regard to the requirements of the Mutual Security Act or any other act for which funds are authorized thereunder, but also without regard to acts appropriating funds pursuant to the authorization contained in the mutual security acts. In other words, section 401 (a) funds will be exempted from limitations contained in appropriation acts as well as those in authorization acts. This is not intended to waive, in advance, the requirements of subsequent appropriation acts which explicitly apply to section 401 funds. It is only intended to enable the waiver of general requirements of appropriation acts—that is, those which do not specifically refer to section 401 funds.

For the sake of convenience, the bill strikes out section 401 (b) which authorized the appropriation of \$100 million for the purposes of section 401 (a). This is now replaced by the new section 400, discussed above. Section 401 (c) will accordingly be renumbered as section 401 (b).

The committee desires to emphasize that the use of \$150 million authorized by section 401 (a) is not an authorization of funds to be appropriated in addition to other funds in the act but merely an authorization to use other funds appropriated under the act. Further, the \$100 million authorized by section 400 for use under section 401 is a part of the total of \$250 million in special assistance and is not in addition to it.

The new section 400 also contains an authorization for an appropriation of not more than \$25 million, to remain available until expended and to be used for the promotion of economic development in Latin America with preference given to health, education, sanitation, and land resettlement programs. Of the total amount, 90 percent must be in the form of loans.

This is an extension of a provision put in the act last year authorizing \$15 million for the same purposes, with 75 percent on a loan basis. Virtually all of this money was used for projects which should prove to be worthwhile. The committee considered it useful, therefore, to renew and expand the authority, while increasing the percentage of the loan requirement.

Except for the 90-percent loan requirement, the amendment is in substantially the same form as offered in the Senate by the junior Senator from Florida (Mr. Smathers) and referred to the committee May 29.

The committee emphasizes that the \$25 million provided in this amendment is not the total aid authorized for Latin America. There is an additional \$94.5 million programed in the administration request for military assistance, technical cooperation, and other programs. Further, Latin America will have equal access with other areas of the world to the development loan fund. Loans made from the \$25 million authorized in section 400 are not to be charged to the loan fund but are to be in addition to loans made from that source.

B. SURPLUS AGRICULTURE COMMODITIES (SEC. 8 (c))

Section 402 of the Mutual Security Act of 1954, as amended, required the use in fiscal year 1956 of not to exceed \$300 million and in fiscal year 1957 of not to exceed \$250 million of funds made available

under the act to finance the export and sale for foreign currencies of surplus agricultural products. Section 8 (c) of S. 2130 requires the use of not to exceed \$200 million for that purpose in fiscal 1958.

In the event surplus agricultural commodity exports are financed through the Development Loan Fund they may not be counted toward this total of \$200 million.

The section 402 program is additional and supplementary to the program under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and is financed not by funds specifically appropriated for that purpose but by funds appropriated under other sections of the Mutual Security Act.

The total requirement is reduced this year because financing under the development loan fund is excepted and because there is considerably less money available with which to meet the requirement.

The surplus agricultural commodities program is of concern to the committee not merely because of the need to dispose of these products but also, and increasingly, because of the use to be made of the proceeds from this disposal.

The accumulated and anticipated receipts from Public Law 480 and section 402 sales are substantial. As of March 31, 1957, receipts and anticipated receipts under past programs totaled \$2.6 billion—almost the sum appropriated for mutual security for fiscal year 1956. Moreover, the estimated collections on principal and interest are: For the decade 1961–70, \$820 million; for 1970–80, \$964 million; and for 1981–90, \$1,082 million. These statistics are cited by the committee to underline its concern over the vast accumulation and investment of local currencies by the United States Government. This is a problem which requires more attention than it has so far received. Both section 402 and Public Law 480 specify purposes for which foreign currencies may be used. These purposes, which in the case of section 402 are the purposes of the Mutual Security Act, are sound and useful. But the committee believes that they could be even more useful if pursued with more vigor and imagination. A further problem which should be anticipated consists of the political implications of the accumulation by the United States of vast quantities of the currency of another country.

C. JOINT CONTROL AREAS (SEC. 8 (d))

Joint control areas are West Berlin and Austria. The latter is now sovereign but is defined as a joint control area for purposes of the Mutual Security Act.

The bill provides \$11.5 million for fiscal year 1958 for these areas, compared to \$12.2 million for fiscal 1957 and \$21 million for fiscal 1956. The amount is primarily for West Berlin, for which the United States, Great Britain, and France bear special responsibilities arising out of the war and the Paris-Bonn agreements.

An island behind the Iron Curtain, West Berlin has made a remarkable recovery but its isolated position still makes necessary some outside assistance in addition to the substantial aid given by the Federal Republic of Germany. Almost half of the West Berlin program will be in the form of surplus agricultural sales, the proceeds from which will be used on various projects in the western sectors of the city.

The Austrian program will be a continuation of activities and projects concentrated mainly in the former Soviet zone to assist that zone in overcoming the effects of Soviet occupation.

The committee recommends the continuation of these programs and the authorization of \$11.5 million for that purpose.

D. MIGRANTS, REFUGEES AND ESCAPEES (SEC. 8 (e))

Section 8 (e) authorizes appropriation for fiscal 1958 of \$2,233,000 for the United States contribution to the United Nations Refugee Fund and \$5.5 million for the United States escapee program. This subsection also makes technical amendments repealing obsolete language in section 405 (a) of the act. These amendments do not affect the continuing authorization which section 405 (a) provides for contributions to the Intergovernmental Committee for European Migration.

The \$2,233,000 authorized for the United Nations Refugee Fund is for United States contributions for an 18-month period (last half of calendar year 1957 and all of calendar year 1958).

The United Nations refugee program is engaged in the humanitarian task of handling the residual World War II refugees in Europe, the Near East and the Far East. Many of these refugees are unable to gain admittance to countries other than the country of asylum because of age, chronic disease, or other factors. The program is principally one of settling refugees in the country of asylum, of placing so-called difficult cases in institutions for lifetime care and maintenance, and of giving emergency assistance. The United States regular annual contribution has been limited to 33⅓ percent of the total contributions, and the executive branch intends to continue this limitation.

The escapee program is a bilateral United States program designed to supplement the assistance given by voluntary relief agencies and the country of asylum to those persons who have escaped from Iron Curtain countries since World War II. The escapees tend to be a burden to particular countries adjacent to or near the Iron Curtain—a burden which the United States does not have by virtue of its location. Essentially therefore, the escapee program equalizes the expense of caring for these people until they can become permanently settled. The fiscal year 1958 authorization of \$5.5 million is somewhat less than last year's authorization of \$6 million.

In addition to their regular activities, the programs of the Intergovernmental Committee for European Migration, of the United Nations Refugee Fund and the United States program for escapees will be utilized during the coming year to help solve the problem of the remaining Hungarian refugees. The bill does not contain a specific authorization for these refugees but it is the intention of the administration to utilize \$10 million of the funds provided for special assistance to supplement the resources of the regular agencies dealing with refugees and escapees. Of this \$10 million, \$6.9 million will be administered through the United States escapee program, \$1.5 million through the Intergovernmental Committee for European Migration, and \$1 million through the United Nations High Commissioner for Refugees. The remaining \$600,000 will be used for a Hungarian youth training program in Austria. During fiscal year 1957, the President allocated almost \$40 million for the Hungarian refugee program.

The committee has again received continued assurances that there is a determined effort to avoid overlapping and duplication of services between these three programs through close coordination. The committee recommends that the Senate agree to the amounts requested by the President.

E. UNITED NATIONS CHILDREN'S FUND (SEC. 8 (f))

Section 8 (f) authorizes an appropriation of \$11 million for contributions to the United Nations Children's Fund. The amount authorized last year was \$10 million. The section also deletes obsolete language in section 406 of the Mutual Security Act of 1954, as amended.

Once again, the executive branch is proposing to reduce the percentage of United States contributions to the central account. This will be the sixth year of progressive reductions which have taken the United States percentage from 68 percent in 1953 to 61 percent in 1954, 60 percent in 1955, 56.5 percent in 1956 and 55 percent in 1957. For calendar year 1958 the administration has proposed a ratio of 52.5 percent. The committee commends this effort.

In view of the reduction in the United States percentage, it is particularly important that the full authorization of \$11 million, which is a slight increase over last year, be approved in order to make clear to other nations the continuing United States interest in the work of the organization.

The committee continues to be favorably impressed with the work of United Nations Children's Fund and is glad to recommend the full authorization requested.

F. PALESTINE REFUGEES (SEC. 8 (g))

Section 8 (g) of the bill makes technical amendments deleting obsolete language in section 407 of the act, relating to Palestine refugees, and adds an important new policy directive.

The new language says:

In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host Governments are taking steps toward the resettlement and repatriation of such refugees.

This new statement reflects the committee's view that the United States is not going to continue indefinitely to contribute to relief with no concrete evidence on the part of states directly concerned that they are willing to take steps for the resolution of the problem. The committee intends to reexamine this situation very carefully next year to ascertain whether continuation of this assistance is justified.

In the presently existing circumstances, there is no need for the authorization or appropriation of new funds for assistance to the Arab refugees from Palestine. There remains, from prior appropriations, an unexpended balance of approximately \$24 million, which will suffice for the programs which now appear possible. These programs, it should be emphasized, are primarily for relief and are administered by the United Nations Relief and Works Agency for Palestine Relief in the Near East.

These refugees, who now number 925,000, exist in camps in Egypt, Jordan, Syria, and Lebanon. Ever since 1949 various efforts have been made to provide for their permanent settlement, either in one of the Arab States or through repatriation to Israel. All of these efforts have been unsuccessful. The committee is not now interested in trying to fix responsibility for this tragic state of affairs. The committee is interested in a solution to the problem. Besides the political problems involved, such a solution is almost certain to require economic development projects of considerable magnitude. Although, as indicated above, the committee feels that the United States would not be justified in continuing relief assistance indefinitely, the committee would be willing, if a settlement were reached, to give the most sympathetic consideration to proposals for United States assistance in the form of capital investment to implement the settlement.

Meanwhile, for fiscal 1958 the United States intends to contribute \$17.8 million, which constitutes a slight increase due to planned purchases in the United States of flour which is priced above the world market. For the rehabilitation program, which is inhibited by the lack of agreement among the nations in that part of the world, \$4 million is programmed. This will leave \$2 million to meet further requirements for either relief or rehabilitation work from funds previously authorized and appropriated. The United States contributions continue to be limited to not to exceed 70 percent of total contributions to this program.

G. OCEAN FREIGHT (SEC. 8 (i))

Section 8 (i) authorizes an appropriation of \$2.2 million for fiscal year 1958 for the payment of ocean freight charges on relief shipments by voluntary agencies. This amount is expected to move goods valued at almost \$29 million.

The authority of the President to use mutual security funds to pay ocean freight on surplus agricultural commodities, in amounts to be determined by him, is left unchanged by the technical changes in this section.

The committee continues to view this program as extremely worthwhile for the United States to undertake in encouragement of the considerable efforts of private voluntary agencies.

H. ADMINISTRATIVE EXPENSES (SEC. 8 (j) AND (k))

Section 8 (j) provides an authorization of \$1 million for the purpose of administering the Mutual Defense Assistance Control Act of 1951 (Battle Act) and deletes obsolete language. For 1957 \$1.175 million was appropriated for this purpose. For 1958 the administration had requested \$1.3 million.

Section 8 (k) authorizes \$33 million for administrative expenses under the act other than for military assistance (which is paid for by military assistance funds). This represents a reduction from \$35 million requested.

In both cases, the reductions reflect a feeling on the part of the committee that greater efficiency and the elimination of nonessential functions and personnel would not only save administrative costs but would also improve the effectiveness of the programs.

One other change made by section 8 (k) is to provide for the payment from ICA administrative expenses of the costs incident to carrying out functions under the Agricultural Trade Development and Assistance Act of 1954 performed by any agency or officer administering nonmilitary assistance. The act had previously provided that of title II funds, not exceeding \$1.5 million could be used for administrative expenses of the Agricultural Trade Development and Assistance Act of 1954. Payment for such expenses will now be made from the general fund for administrative expenses.

I. ATOMS FOR PEACE (SEC. 8 (m))

The atoms for peace program was begun 2 years ago with money drawn from the President's special fund and continued by a specific appropriation of \$5.5 million last year pursuant to an authorization of \$5.950 million contained in section 12 (a) of the Mutual Security Act of 1956.

Section 8 (m) of S. 2130 adds a new section 419 to the Mutual Security Act of 1954, as amended, by which the atoms-for-peace program will now become an integral part of the mutual security program. For fiscal 1958 an appropriation of \$7 million is authorized.

The new section is substantially the same as last year's provision. The principal change is that, whereas last year's act limited the program to providing funds for research reactor projects, the program is now designed generally "to promote the peaceful uses of atomic energy abroad" without specifying the type of project. Besides research reactors, the executive branch has programed 1958 funds for inventories of foreign program needs, nuclear power potential surveys, research and training equipment, and nuclear training support.

The committee believes that this activity has great potentials and deserves continued support.

J. MALARIA ERADICATION (SEC. 8 (m))

Section 8 (m) also inserts a new section 420 at the end of chapter 4 of the Mutual Security Act of 1954, as amended, to authorize the President to furnish to nations and organizations financial and other assistance for a worldwide program of malaria eradication.

The President called attention to this special program in his message to Congress:

Malaria is today the world's foremost health problem. Each year it attacks 200 million people, bringing death to 2 million and causing enormous suffering and economic loss in many areas. Today it is practicable to end this scourge in large areas of the world. I propose that the United States join with other nations and organizations which are already spending over \$50 million a year on antimalaria activities. In 5 years these activities are expected to eradicate this disease.

The new section 420 authorizes the use of not to exceed \$23.3 million of funds made available pursuant to authorization contained in the act, other than authorizations for military assistance and the

development loan fund. This sum of \$23.3 million must therefore be taken from other funds—largely from technical cooperation and special assistance. It is not an additional authorization.

For a number of years the United States and several international organizations have been conducting programs aimed at the control of malaria. It is estimated that the 60 free world nations where the disease is a problem spent \$44 million in antimalaria activities in fiscal 1956. The United States itself allocated in fiscal 1957 a total of \$10.2 million for this purpose, of which \$8.7 million was used for bilateral country programs and \$1.5 million contributed to the special malaria fund of the Pan American Sanitary Organization.

The primary difference between past programs and the proposed new one is in emphasis. Previously the principal objective was malaria control. Now it is malaria eradication. Through the use of DDT and new insecticides, by spraying once or twice a year for 4 consecutive years, it is now believed to be possible to eradicate the disease entirely.

A 5-year program is envisaged, calling for the expenditure of \$515.2 million, of which \$364.8 million will be supplied by beneficiary countries (in part from Public Law 480 local currencies), \$108.4 million from the United States, and \$42 million from international organizations. An average annual contribution of a little more than \$20 million will be required from the United States for the next 5 years.

The committee approves this program. Its success will greatly increase the productivity of the underdeveloped countries, which are particularly hit by malaria. The administration estimates that—

Malaria control among laborers who produce the goods purchased by the United States requires on the average at least 5 percent of the annual production budgets. This constitutes a hidden malaria tax of more than one-third billion dollars paid annually by the United States on its imports. The total value of the business lost to American exporters because of the poverty directly due to malaria is certainly huge.

K. TECHNICAL CHANGES (SEC. 8 (h), (l), AND (m))

Section 8 (h) repeals an obsolete prior year's authorization for the expenses of participation in the North Atlantic Treaty Organization. A previously enacted continuing authorization for this purpose was not affected.

Section 8 (l) repeals section 412 of the Mutual Security Act, which authorized certain assistance to Chinese and Korean students. The program has been concluded and the funds exhausted.

Section 8 (m) repeals present provisions of the Mutual Security Act (sec. 419 and 421) which amended laws relating to United States participation in the World Health Organization and the Food and Agriculture Organization. Section 8 (m) also, however, provides that the repeal of these sections in the Mutual Security Act shall not affect the amendments made by these sections to other laws. This is simply a device to limit the Mutual Security Act to mutual security programs.

10. ADMINISTRATION (SEC. 10 (b), (c), AND (d))

Sections 10 (b), (c), and (d) of the bill contain changes in chapter 2 of title V of the act, relating to organization and administration, designed to carry out two of the recommendations of the Senate Special Committee to Study the Foreign Aid Program; namely, that coordinating arrangements for interrelating foreign aid policies with other activities abroad should be improved, and that the Department of State should have clear and unquestioned responsibility for coordinating military and other aid programs with foreign policy. The existing coordination arrangements within the executive branch have not been reexamined thoroughly since the now-defunct Foreign Operations Administration was created in 1953.

The committee believes that the Secretary of State should assume greater responsibility in carrying out the coordination functions discussed above. To this end the committee bill would clearly place such responsibilities in him, under the direction of the President. The bill would also repeal the first sentence of section 525, relating to the assignment, within the discretion of the President, of certain of the coordination powers, once vested in the former Director of the Foreign Operations Administration and now delegated to the Director of the International Cooperation Administration. The committee expects these changes to be the occasion for a full appraisal of coordination needs and a realignment of responsibilities in line with the concepts expressed in the report of the Special Committee to Study the Foreign Aid Program.

11. PERSONNEL PROVISIONS (SEC. 10 (e) AND (h) (4), (5), AND (6))

The change made by section 10 (a) relates to the employment by the International Cooperation Administration (ICA) of personnel from other Government agencies. Under present law, such persons whether transferred to ICA with or without the consent of their parent agency, have rights of reinstatement in their original positions. Section 10 (e) would preserve these rights for 2 years but would authorize the President to make exceptions thereafter. The committee in approving this change urges sparing use of the authority. One of the principal purposes of authorizing the ICA to borrow persons from other agencies was to avoid the growth of a large permanent ICA staff. This purpose will be negated if other agencies will not reemploy persons on loan to ICA.

Section 10 (h) (4) broadens the present authority for the payment of the costs of storing the household and personal effects of ICA employees. Under the new language such costs can include the costs of temporary storage if any employee is away from his post for a short time under orders and the costs of storage incurred by an employee in connection with official travel and through circumstances beyond his control, such as a dock strike.

Section 10 (h) (5) provides authority to use a cumulative total of \$18 million of Korean assistance funds for the construction or acquisition of essential living quarters, office space and supporting facilities in Korea for mutual security personnel. The act last year authorized use of \$12 million for this purpose.

Section 10 (h) (6) adds a new subsection 537 (e) to the act which would authorize the training of ICA employees at Government expense

at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization. This authority is similar to that provided the Department of Agriculture by Public Law 918, 84th Congress. It should result in a considerable strengthening of ICA personnel training programs with a resulting increase in the quality of ICA operations especially in technical assistance fields.

12. CONTRIBUTION TO THE FOOD AND AGRICULTURAL ORGANIZATION (SEC. 11 (b) (2))

The Mutual Security Act of 1956 contained a provision increasing the ceiling on authorized United States contributions to the Food and Agriculture Organization from \$2 million to \$3 million a year subject to a proviso that the percentage contribution of the United States could not exceed 31.5 percent of the total annual budget of the Organization. The executive branch proposed this year striking out this proviso. The committee instead recommends a ceiling of 33.33 percent on United States contribution, thereby bringing it into line with the ceiling on United States contributions to the United Nations. The scale of contributions recommended by the FAO Conference in November 1955 contemplates that the United States contribution will be 33.33 percent beginning in 1958.

In view of the worthwhile activities of FAO, the committee believes that this figure is justified, at least for 1958.

13. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES (SEC. 11 (b) (2))

The Congress last year added through the Mutual Security Act of 1956 an addition to section 104 (h) to the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), which called for special efforts to use Public Law 480 sales proceeds for international educational exchange activities. The results, since this change in the law, have been disappointing. Less than two-tenths of 1 percent of all foreign currencies accruing as a result of Public Law 480 sales have been used for the purpose of that section.

The committee has therefore added in section 11 (b) of the proposed Mutual Security Act of 1957 a provision which would add further language to section 104 (h) of Public Law 480 giving the Secretary of State authority to set aside such amounts from Public Law 480 sales proceeds and loan repayments, not in excess of \$1 million a year in any one country for a period of not more than 5 years in advance, as he may determine to be needed for international educational exchange activities. The figure of \$1 million a year is within the limit set by the basic legislation on educational exchange activities. The 5-year period is necessary for adequate planning of this long-range program.

Within these limits, the Secretary of State is designated as the officer to determine the required amounts of foreign currencies, in spite of other claimants for the funds, because he is the Cabinet officer in the best position to know the foreign relations requirements for a program of this nature. The committee expects this change to result in a proper priority being given to the use of Public Law 480 sales proceeds for educational exchange.

14. TECHNICAL AND OTHER CHANGES

Section 5 (a) strikes out a reference in section 142 (b) of the act to chapter 2 of title I, which has been repealed. It also strikes out the requirement that recipient countries deposit counterpart local currency when goods are furnished on a grant basis under title II. As title II is now rewritten, it will not be used to furnish goods on a grant basis, and the requirement for counterpart deposits is inapplicable.

Section 9 (a) repeals an obsolete provision, terminating the Foreign Operations Administration, in section 503 of the act.

Section 9 (b) strikes out a reference to matter which has been repealed.

Section 9 (c) makes a clarifying amendment in section 505 of the act, relating to loan assistance and sales, so that military equipment and materials will be clearly covered by the provisions relating to use of foreign currency proceeds from such sales.

Section 9 (d) strikes out the detailed language of section 509 of the act applying the 50-50 shipping requirement to goods shipped under various sections of the act, some of which are now repealed. The committee emphasizes that the remaining language of section 509 continues to apply the 50-50 shipping requirement to mutual security goods.

Section 9 (e) amends section 511 (c) of the act dealing with requirements for the retention and return of military equipment furnished on a grant basis. The amendment simply takes into account provisions for an expanded military sales program and makes no substantive change.

Section 9 (f) amends section 513 of the act which requires notice to legislative committees of administrative actions which will result in aid programs substantially different from those presented to the authorizing committees. The amendment would require notice also of actions resulting in programs substantially different from those presented to appropriations committees.

Section 10 (f) amends section 534 of the act, which requires semi-annual reports to Congress, so that these reports must include detailed information on the implementation of the development loan fund and the special assistance fund.

Section 10 (g) amends section 535 of the act which authorizes reimbursable nonmilitary assistance to nations and international organizations. Such assistance is now authorized "whenever the President determines it to be in furtherance of the purposes and within the limitations" of the act. Under the amendment, the President must also determine it to be "consistent with" the purposes of the act. Finally, it is specified that the authority applies to "free" nations. The purpose of this amendment is to authorize sales of nonmilitary equipment to free nations who do not qualify for grant assistance.

Section 10 (h) (1) strikes out a reference to a repealed section.

Section 10 (h) (2) authorizes use of nonmilitary assistance funds for payment of rent in the District of Columbia in fiscal 1958.

Section 10 (h) (3) broadens authority to use nonmilitary assistance funds for rent, repair, and alteration of living quarters outside the United States. The new authority applies to rent of offices, buildings, and grounds, as well as living quarters; to maintenance, furnish-

ing, repair, improvement, and alteration of properties owned or rented by the Government abroad; and to the costs of fuel, water, and utilities for such properties.

Section 11 (a) continues the availability of funds appropriated pursuant to sections of the act which have been repealed.

Section 11 (b) (1) repeals amendments made by section 544 of the act to various other laws. It specifies that these repeals shall not affect amendments made by the repealed sections to acts other than the Mutual Security Act. The effect is to leave the amendments in force, but to limit the Mutual Security Act to mutual security programs.

Section 11 (c) corrects an obsolete reference to the Atomic Energy Act of 1946, which has since been replaced by the Atomic Energy Act of 1954.

Section 11 (d) repeals an obsolete section relating to a reduction in authorizations for fiscal 1955.

Section 11 (e) amends section 549 of the act, which makes available for 15 months funds appropriated for defense support, technical cooperation, or assistance to joint control areas. Inasmuch as defense support funds are now put on a no-year basis, the 15-month availability is no longer necessary. It is continued, however, for technical cooperation and joint control area funds.

15. ASSISTANCE TO AMERICAN UNIVERSITIES ABROAD

There are a number of privately operated, American-sponsored schools, libraries, and community centers abroad, such as the American University of Beirut and Roberts College in Turkey, which play an important part in disseminating American ideas and culture and in training technicians and others badly needed in foreign countries. The committee believes that it is important that these institutions should flourish, but unfortunately many of them are in financial difficulties.

There is authority in Public Law 480, 83d Congress, in the Smith-Mundt Act and in the Mutual Security Act to assist these institutions through contracts for training and through loans and grants. The committee expects the Bureau of the Budget in carrying out its responsibilities for the allocation of Public Law 480 foreign currencies, and the Department of State in carrying out its responsibilities under the other two acts, to exert imaginative and complementary efforts to extend effective assistance to these centers of learning.

16. CONCLUDING COMMENTS

The committee believes that, as a result of the concentrated attention devoted to the problems of mutual security by the Congress and the executive branch in late 1956 and early 1957, the mutual security bill this year embodies a program which is more clearly conceived and which can be expected to be more efficiently administered than any similar program since the inception of the Marshall plan in 1948.

This is a strong statement, because, notwithstanding its many shortcomings, the mutual security program in the intervening years has produced results solidly in the American national interest. American foreign aid has played an indispensable part in keeping the free world

free. Those who would abolish or emasculate the program because of its past mistakes frequently overlook this simple and eloquent fact.

S. 2130 corrects some of the legislative shortcomings of the program. It opens the way for correction of some of the administrative shortcomings.

The committee does not pretend that this is a perfect bill, or that it will result in a perfect program. But this is a better bill, and it should result in a better program.

The extent to which it does result in a better program depends in large part upon the manner in which it is administered. The committee is not persuaded that the various types of aid provided under the heading "Mutual Security" have yet been sufficiently clarified. Although considerable progress has been made, it appears that defense support still contains items which are largely unrelated to defense. This is one reason the committee reduced the authorization for defense support.

There are grounds for concern, also, over the emphasis of the program in the Far East, where 94 percent of the funds are programmed for military assistance or defense support.

Finally, the committee urges caution upon the executive branch in the use of the wide discretionary authority granted under section 401 (a). This authority is to be used only when the President finds it to be important to the security of the United States. This is not a phrase to be taken lightly, and it is certainly not to be stretched to cover what are essentially administrative expenses.

Considering the enormous size and complexity of the mutual security program, it is rather remarkable that it has been possible, in the space of a year, to make as much improvement as S. 2130 represents. Continuing improvements can reasonably be expected.

The committee, which has devoted most of its time for almost a year to the study of this problem, sees no reasonable alternative to the bill herewith submitted to the Senate. It is likewise convinced that the American people are sufficiently mature and aware of the world situation which they face to give their support to a program of this character.

APPENDIX

APPENDIX I: STATUS OF MUTUAL SECURITY FUNDS

MUTUAL SECURITY PROGRAM

Expenditure analysis, actual and estimated status through June 30, 1957, summaries by function and region

[In thousands of dollars]

	Cumulative obligations June 30, 1956	Cumulative expenditures June 30, 1956	Unliquidated obligations June 30, 1956	Actual expenditures July 1, 1956 through Feb. 28, 1957	Unexpended balance Feb. 28, 1957	Total estimated expenditures fiscal year 1957	Estimated unliquidated obligations June 30, 1957	Estimated unobligated balance June 30, 1957
Summary by function:								
Mutual defense assistance program:								
Military assistance.....	19,387,553	15,019,959	4,367,594	1,218,613	4,861,981	2,200,000	3,880,594	500,000
Defense support.....	17,838,190	16,550,317	1,287,873	769,783	1,714,154	1,195,741	1,288,196	
Total	37,225,743	31,570,276	5,655,467	1,988,396	6,576,135	3,395,741	5,168,790	500,000
Economic and Technical Cooperation:								
Development assistance.....	698,340	505,391	192,949	76,785	365,014	123,948	317,851	
Development loan fund.....	532,647	369,249	163,398	79,711	237,307	143,105	173,913	
Technical cooperation.....	2,925,292	2,914,413	10,879	92,694	139,841	159,753	72,782	71,348
Other programs.....								
Total	4,156,279	3,789,053	367,226	249,190	742,162	426,806	564,546	71,348
Total, Mutual security program	41,382,022	35,359,329	6,022,693	2,237,586	7,318,297	3,822,547	5,733,336	571,348
Summary by region:								
Europe.....	26,290,597	23,892,851	2,397,746	653,260	2,067,769	1,127,910	1,593,119	
Near East, South Asia and Africa:								
Near East.....	4,053,925	3,369,629	684,296	289,221	889,938	525,575	653,584	
South Asia.....	804,257	394,311	409,946	133,161	550,049	248,661	434,549	
Africa.....	74,966	57,827	17,139	10,316	72,098	31,463	50,951	
Middle East undistributed					44,327	80	44,247	
Total, Near East, South Asia, and Africa	4,933,148	3,821,767	1,111,381	432,698	1,556,412	805,779	1,183,331	

MUTUAL SECURITY PROGRAM—Continued

Expenditure analysis, actual and estimated status through June 30, 1957, summaries by function and region—Continued

[In thousands of dollars]

	Cumulative obligations June 30, 1956	Cumulative expenditures June 30, 1956	Unliquidated obligations June 30, 1956	Actual expenditures July 1, 1956 through Feb. 28, 1957	Unexpended balance Feb. 28, 1957	Total estimated expenditures fiscal year 1957	Estimated unliquidated obligations June 30, 1957	Estimated unobligated balance June 30, 1957
Summary by region—Continued								
Far East and Pacific:								
Far East.....	7,010,292	5,424,228	1,586,064	853,461	2,191,661	1,355,035	1,690,087	
President's fund for Asian economic development.....	252	25	227	148	48,079	1,000	47,227	
Total, Far East and Pacific.....	7,010,544	5,424,253	1,586,291	853,609	2,239,740	1,356,035	1,737,314	
Latin America.....	311,822	224,361	87,461	53,263	142,654	94,246	101,671	
Nonregional.....	2,721,600	1,908,067	813,533	253,436	1,276,761	438,577	1,091,620	
Undistributed military assistance.....	114,311	188,030	26,281	—8,680	34,961		26,281	
Total, all regions.....	41,382,022	35,350,329	6,022,693	2,237,586	7,318,297	3,822,547	5,733,336	571,348
Of which, administered by:								
Department of Defense.....	19,224,701	14,902,204	4,322,407	1,187,521	4,847,976	2,159,511	3,875,986	500,000
Other agencies.....	22,157,321	20,457,125	1,700,186	1,050,065	2,470,321	1,663,036	1,857,350	71,348

¹ Represents obligations and expenditures for surplus agricultural commodities under secs. 550 and 402 of the Mutual Security Act of 1954, as amended; local currency proceeds of which were earmarked for military programs but were not obligated or expended as of June 30, 1956.

Expenditures analysis, June 30, 1958, summaries by function and region

[In thousands of dollars]

	Estimated un-liquidated obligations, June 30, 1957	Estimated un-liquidated balance, June 30, 1957	Fiscal year 1958 appropriation request	Fiscal year 1958 program (estimated obligations)	Estimated expenditures (fiscal year 1958)	Estimated un-liquidated obligations, June 30, 1958
Summary by function:						
Mutual defense program:						
Military assistance.....	3,880,504	500,000	1,900,000	2,400,000	2,200,000	4,080,504
Defense support.....	1,288,196	-----	900,000	900,000	1,101,965	1,086,201
Total.....	5,168,790	500,000	2,800,000	3,300,000	3,301,965	5,166,795
Economic and technical cooperation:						
Development assistance.....	317,851	-----	-----	-----	160,874	156,977
Development loan fund.....	-----	-----	500,000	500,000	50,000	450,000
Technical cooperation.....	173,913	-----	168,900	168,900	166,198	176,615
Other programs.....	72,782	71,348	395,510	466,858	232,302	307,338
Total.....	564,546	71,348	1,064,410	1,135,758	609,374	1,090,930
Total, mutual security program.....	5,733,336	571,348	3,864,410	4,435,758	3,911,369	6,257,725
Summary by region:						
Europe.....	1,593,119	-----	-----	401,909	917,020	1,078,008
Near East, South Asia, and Africa:						
Near East.....	653,584	-----	-----	469,739	523,430	599,893
South Asia.....	434,549	-----	-----	170,379	273,250	331,678
Africa.....	50,951	-----	-----	55,089	64,559	41,481
Middle east undistributed.....	44,247	-----	-----	-----	12,500	31,747
Total, Near East, South Asia, and Africa.....	1,183,331	-----	-----	695,207	873,739	1,004,799
Far East and Pacific:						
Far East.....	1,690,087	-----	-----	1,397,829	1,466,112	1,621,804
President's fund for Asian economic development.....	47,227	-----	-----	47,548	15,000	79,775
Total, Far East and Pacific.....	1,737,314	-----	-----	1,445,377	1,481,112	1,701,579
Latin America:						
Nonregional.....	101,671	-----	-----	94,456	100,240	95,887
Undistributed military assistance.....	1,091,620	-----	-----	1,798,809	539,258	2,351,171
Total, all regions.....	5,733,336	571,348	3,864,410	4,435,758	3,911,369	6,257,725
Of which, administered by:						
Department of Defense.....	3,875,986	500,000	1,900,000	2,400,000	2,195,392	4,080,504
Other agencies.....	1,857,350	71,348	1,964,410	2,035,758	1,715,977	2,177,131

APPENDIX II: CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

MUTUAL SECURITY ACT OF 1954

* * * * *

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

* * * * *

SEC. 103. AUTHORIZATIONS.—[(a) (1) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by section 104, not to exceed \$1,270,000,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (including the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

[(2) In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$1,133,000,000, to remain available until expended.

[(3) In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$2,225,000,000, which shall remain available until expended.]

(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this chapter not to exceed \$1,800,000,000, which shall remain available until expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this chapter not to exceed \$1,500,000,000, which shall remain available until expended.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter [and of section 124] including expenses incident to United States participation in international security organizations.

(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. *When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or*

program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: Provided, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements [already] made between the member nations out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than [\$780,000,000] \$1,000,000,000, less amounts already contributed for such purpose. [There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended.] Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

* * * * *

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe.

(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia [and in carrying out the provisions of section 121 of this Act,] the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to

participate in missions important to the defense of the Western Hemisphere.

* * * * *

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section [1262 (a), and title 34, United States Code, section 546 (e)] 7307 (a); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of [Revised Statutes 1222 (10 U. S. C. 576)] *title 10, United States Code, sections 3544 (b) and 8544 (b)*, personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

[SEC. 108. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1956, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programmed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.]

[CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

[SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this title shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section,

excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.¹

【It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

【SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$35,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

【SEC. 123. COMMON USE ITEMS.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

【SEC. 124. DIRECT FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$317,200,000 to provide assistance in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance under chapter 1 of this title. The President may, notwithstanding the provisions of section 501, consolidate all or any part of appropriations made pursuant to this section with appropriations made pursuant to section 103. Programs authorized by this section may be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.】

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance *specifically* designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including

¹ The third and fourth sentences of section 121 are redesignated as section 144.

processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

[(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

[(1) \$46,000,000 for Europe (excluding Greece and Turkey);

[(2) \$73,000,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and

[(3) \$80,098,195 for the Far East and the Pacific.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.]

(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this section not to exceed \$800,000,000, which shall remain available until expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this section not to exceed \$710,000,000, which shall remain available until expended.

[(c) There is hereby authorized to be appropriated to the President for the fiscal year 1956 to carry out the provisions of this section, not to exceed—

[(1) \$92,000,000 for Europe (excluding Greece and Turkey);

[(2) \$102,500,000 for the Near East (including Greece and Turkey) and Africa; and

[(3) \$827,800,000 for Asia;

and for the fiscal year 1957 not to exceed—

[(1) \$71,200,000 for Europe (excluding Greece and Turkey);

[(2) \$170,000,000 for the Near East (including Greece and Turkey) and Africa;

[(3) \$882,000,000 for Asia; and

[(4) \$52,000,000 for Latin America.

[Funds made available under paragraph (4) may be used to furnish assistance designed to sustain and increase military effort or political or economic stability, and may be used without regard to the requirements of sections 141 and 142 in the case of any nation which is a party to the Inter-American Treaty of Reciprocal Assistance and which has adhered to the resolution of 1954 entitled "Declaration of Solidarity for the Preservation of the Political Integrity of the American States against the Intervention of International Communism." Of the funds made available under paragraph (4), the sum of \$15,000,000 shall remain available until expended, notwithstanding any other provision of this subsection, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land

resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 75 per centum of the funds made available for assistance under this sentence shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

【Funds made available for assistance to Korea from appropriations authorized by this section may be used in accordance with the applicable provisions of section 132 of this Act.】

【(d)】 (c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) *To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.*

【SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled “Relief and Rehabilitation in Korea”, chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for “Civilian Relief in Korea”, title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

【(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1-M-AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to

make such vessels available for the purpose of this subsection: *Provided*, That if after investigation it is determined by the President that there are privately owned C1-M-AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

[(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C. App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

[(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection.

[(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.]²

CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interest of the United States.

SEC. 142. AGREEMENTS.—(a) No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

- (1) join in promoting international understanding and good will, and maintaining world peace;
- (2) take such action as may be mutually agreed upon to eliminate causes of international tension;
- (3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

² This paragraph as amended by the bill is redesignated as section 131 (d).

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

(b) In cases where any commodity is to be furnished on a grant basis under [chapter 2 or] chapter 3 of title I [or under title II] of this Act under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and—

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

[SEC. 143. Notwithstanding any other provision of law, no assistance under this title or any other title of this Act, or under any provision of law repealed by section 542 (a) of this Act, shall be furnished to Yugoslavia after the expiration of ninety days following the date of the enactment of this section, unless the President finds and so

reports to the Congress, with his reasons therefor, (1) that there has been no change in the Yugoslavian policies on the basis of which assistance under this Act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this Act.】

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House of Representatives, and the Appropriations Committees of the Senate and of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

TITLE II 【DEVELOPMENT ASSISTANCE】 DEVELOPMENT LOAN FUND

【SEC. 201. AUTHORIZATION.—(a) In addition to the funds heretofore appropriated pursuant to the provisions of sections 201 and 418 of this Act as in effect prior to the enactment of the Mutual Security Act of 1956, which funds shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto, there is hereby authorized to be appropriated to the President not to exceed \$293,000,000, to remain available until June 30, 1960, for assistance designed to promote the economic development of free Asia, the Middle East, and Africa, based on self-help and mutual cooperation of friendly nations, and to maintain economic and political stability in these areas.

【(b) The President if authorized to utilize the funds hereafter made available for purposes of this title to accomplish in these areas policies and purposes declared in this Act, and to disburse them on such terms and conditions, including transfer of funds, as he may specify: *Provided*, That eighty per centum of such assistance shall only be available on terms of repayment, except (1) when such funds are used to finance sales of surplus agricultural commodities under section 402, or (2) when granted for the purpose of a regional project involving two or more beneficiary nations: *And provided further*, That not more than 25 per centum of any funds hereafter made available for purposes of this title shall be used in furnishing bilateral assistance to any one nation.】

NOTE: Section 201 (c) is redesignated as section 537 (d).

Sec. 201. Declaration of Purpose.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes in some cases the necessity of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it

to be the purpose of this title, to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

Sec. 202. General Authority.—(a) There is hereby established a fund to be known as the "Development Loan Fund" (hereinafter referred to in this title as "the Fund") to be used by the President to finance activities carried out pursuant to authority contained in this title.

(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as he may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of economic resources, increase of productive capacities, or improvement of standards of living in furtherance of the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title. The authority of section 401 (a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. Guaranties under this subsection shall be subject to the provisions of section 413 (b) (4), except subparagraph (F) thereof. The administrator of the Fund shall furnish to the Foreign Relations Committee of the Senate and to the Foreign Affairs Committee of the House of Representatives a report on each financing operation or transaction involving more than \$10,000,000 of the Fund's assets and involving an activity requiring longer than one year to complete. Such report shall be made at the time such financing operation or transaction is consummated.

Sec. 203. Capitalization.—(a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, unless disapproved in the appropriation act appropriating funds pursuant to the authorization contained in the preceding sentence, the Secretary of the Treasury is authorized and directed to make, beginning in the fiscal year 1959, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204 (b) of this Act, the maximum amount of obligations incurred against the Fund during the fiscal year 1958 shall be \$500,000,000 during the fiscal year 1959 shall be \$750,000,000, and during the period beginning in the fiscal year 1960 shall be \$750,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose.

The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section.

Sec. 204. Fiscal Provisions.—(a) All receipts from activities or transactions under this title shall be credited to the Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The President is authorized to incur, in accordance with the provisions of this title, obligations against the Fund in amounts which may not at any time exceed the assets of the Fund. The amount of such obligations also may not exceed the limitations specified in section 203 (a) of this Act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations. Obligations incurred against the Fund which are subsequently cancelled shall not be counted for purposes of the limitations on obligations specified in section 203 (a). The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization authorized pursuant to section 203 (a) of this Act which has not been advanced or loaned to the Fund as of such time. The Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title, including repayment of loans made to the Fund pursuant to section 203 (a) of this Act.

(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

Sec. 205. Powers and Authorities.—In carrying out the purposes of this title, any officer or agency of the United States designated to exercise authorities provided for hereunder may, in addition to other powers and authorities provided to such officer or agency pursuant to this Act or otherwise by law, and as the President may direct: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as such officer or agency shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without

endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, such officer or agency, and, as such officer or agency may determine, refer any such obligations or rights to the Attorney General for suit or collection; and otherwise take any and all actions determined by such officer or agency to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation authorized by this title. No officer shall be designated to be the administrator of the Fund except by appointment by the President by and with the advice and consent of the Senate.

Sec. 206. *Advisory Loan Committee.* There is hereby established an Advisory Loan Committee, referred to in this section as the "Committee", which shall advise and consult with the President, or such officer as he may designate to administer the Fund, with respect to basic policy matters arising in connection with the operations of the Fund and with respect to each new obligation against the Fund in excess of \$10,000,000. The Committee shall consist of the Deputy Undersecretary of State for Economic Affairs, the Chairman of the International Development Advisory Board acting in his individual capacity, the administrator of the Fund, and representatives designated by the President from the Export-Import Bank, the Department of Agriculture, the Department of Commerce, the United States representation in the International Bank for Reconstruction and Development, and such other representatives of Government agencies as the President shall deem necessary to insure proper coordination of the Fund's activities with the activities of other sources of capital which flows abroad. The Deputy Undersecretary of State for Economic Affairs shall be Chairman, and the administrator of the Fund shall be Vice Chairman, of the Committee. The administrator of the Fund shall furnish to the Committee all necessary information to enable the Committee to form a judgment with respect to the subjects referred to in the first sentence of this section. If the administrator of the Fund follows a course contrary to the advice of a majority of the Committee with respect to any such subject, he shall furnish to the Committee and to the Committee on Foreign Relations of the Senate and to the Committee on Foreign Affairs of the House of Representatives a statement of his reasons for doing so.

TITLE III—TECHNICAL COOPERATION

* * * * *

SEC. 304. *AUTHORIZATION.*—[(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations hereto-

fore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

[(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$146,500,000, and for the fiscal year 1957 not to exceed \$140,500,000, for technical cooperation programs in the Near East and Africa, Asia and Latin America.]

There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$151,900,000 to carry out the purposes of this title.

* * * * *

SEC. 306. MULTILATERAL TECHNICAL COOPERATION.—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) [\$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance; in addition, \$24,000,000 for the fiscal year 1956, and \$15,500,000 for the fiscal year 1957, for such contributions;] *\$15,500,000 for the fiscal year 1958 for contributions to the United Nations Expanded Program of Technical Assistance: Provided, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution to this program may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed to the program for that period, for the calendar year 1959 as much as but not to exceed 38 per centum of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33.33 per centum of the total amount contributed to the program for that period.*

(b) [\$1,500,000 for making contributions to the technical cooperation program of the Organization of American States; in addition, \$1,500,000 for the fiscal year 1956, and \$1,500,000 for the fiscal year 1957, for such contributions.] *\$1,500,000 for the fiscal year 1958 for contributions to the technical cooperation program of the Organization of American States.*

* * * * *

TITLE IV—OTHER PROGRAMS

SEC. 400. SPECIAL ASSISTANCE.—(a) *There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$250,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability or for assistance in accordance with the provisions of this Act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this Act. \$100,000,000 of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a).*

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: Provided, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this sentence shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

SEC. 401. [SPECIAL FUND] *President's Special Authority.*—(a) Of the funds made available under this Act, not to exceed \$150,000,000, in addition to the funds authorized [to be appropriated under subsection (b) hereof] for such use by section 400 (a) of this Act, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds pursuant to authorizations contained in this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this section may be allocated to any one nation in any fiscal year.

[(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956, \$100,000,000, and for the fiscal year 1957 not to exceed \$100,000,000, for use in accordance with subsection (a) of this section.]

[(c)] (b) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the

Atlantic Charter. Funds available under this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

SEC. 402. EARMARKING OF FUNDS.—[Of the funds authorized to be made available pursuant to this Act for the fiscal year 1956, not less than \$300,000,000, and of the funds so authorized for the fiscal year 1957 not less than \$250,000,000,] *Of the funds authorized to be made available in the fiscal year 1958 pursuant to this Act (other than funds made available pursuant to title II), not less than \$200,000,000* shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—[(a)] The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility at the time of the enactment of this Act as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President [for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section] *for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section.*

[There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$21,000,000, and for the fiscal year 1957 not to exceed \$12,200,000, to carry out this section.]

* * * * *

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated [not to exceed \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter] such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. [In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through

June 30, 1955, and to be consolidated with the appropriation authorized in this subsection.】

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated 【for the fiscal year 1956 not to exceed \$1,400,000, and for the fiscal year 1957 not to exceed \$2,300,000,】 *for the fiscal year 1958 not to exceed \$2,233,000* for contributions to the United Nations Refugee Fund.

(d) There is hereby authorized to be appropriated to the President 【for the fiscal year 1956 not to exceed \$6,000,000, and for the fiscal year 1957 not to exceed \$7,000,000,】 *for the fiscal year 1958 not to exceed \$5,500,000* for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this Act.

SEC. 406. CHILDREN'S WELFARE.—【(a)】 There is hereby authorized to be appropriated not to exceed 【\$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.】 *\$11,000,000 for the fiscal year 1958 for contributions to the United Nations Children's Fund.*

【(b) There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$14,500,000, and for the fiscal year 1957 not to exceed \$10,000,000, for contributions to the United Nations Children's Fund.】

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—【(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955.】 *There is hereby authorized to be appropriated to the President not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees.*

【(b) There is hereby authorized to be appropriated to the President not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.】

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated 【for the fiscal year 1955 not to exceed \$3,200,000 for payment by the United States of its share of the expenses of the Organization, and thereafter】 such amounts as may be necessary from time to time for the payment

by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) [There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section. There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$2,000,000, and for the fiscal year 1957 not to exceed \$3,000,000, to carry out the purposes of this section.] *There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$2,200,000 to carry out the purposes of this section.*

(d) [There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$13,000,000] *In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus*

agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses. [In addition, any funds made available under this Act may be used, in amounts determined by the President, for the purposes of this subsection.]

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President [for the fiscal year 1955 not to exceed \$1,300,000, and for the fiscal year 1956 not to exceed \$1,175,000, and for the fiscal year 1957 not to exceed \$1,175,000,] *for the fiscal year 1958 not to exceed \$1,000,000* for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President [for the fiscal year 1955 not to exceed \$34,700,000, and for the fiscal year 1956 not to exceed \$35,225,000, and for the fiscal year 1957 not to exceed \$35,250,000,] *for the fiscal year 1958 not to exceed \$33,000,000* for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter 1 of title I [and section 124]) *and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.*

[(c) Not to exceed \$1,500,000 of funds made available under title II may be transferred in the fiscal year 1957 for necessary administrative expenses not otherwise provided for incident to carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance, and the amounts so transferred shall be consolidated with funds made available pursuant to this section for said fiscal year.]

[(d)] (c) There are authorized to be appropriated to the Department of State such amounts, not to exceed \$7,000,000 in any fiscal year, as may be necessary from time to time for administrative expenses which are incurred for normal functions of the Department which relate to functions under this Act.

[(e)] (d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

[SEC. 412. CHINESE AND KOREAN STUDENTS.—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547)

shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.】

* * * * *

【SEC. 419. WORLD HEALTH ORGANIZATION.—Section 3 (a) of Public Law 643, Eightieth Congress, approved June 14, 1948, as amended, is hereby amended to read as follows:

【“(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed 33½ per centum of the total assessments of active members of the Organization for such fiscal year; and”³】

【SEC. 421. FOOD AND AGRICULTURE ORGANIZATION.—Public Law 174, Seventy-ninth Congress, as amended by section 1 (b) of Public Law 806, Eighty-first Congress, is hereby further amended by striking out the figure “\$2,000,000” in section 2 thereof and inserting in lieu thereof the figure “\$3,000,000”, and by inserting before the period at the end of such section a colon and the following: “Provided, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 31.5 per centum.”³】

Sec. 419. Atoms for Peace.—(a) *The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$7,000,000 to carry out the purposes of this section.*

(b) *The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.*

(c) *In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.*

SEC. 420. Malaria Eradication.—*The Congress of the United States, recognizing that the disease of malaria, because of its widespread prev-*

³ Because of a savings clause contained in the bill, the repeal of these sections does not affect amendments made by such sections.

alence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. Not to exceed \$23,300,000 of the funds made available pursuant to authorizations contained in this Act (other than title I, chapter 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section.

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

* * * * *

SEC. 503. TERMINATION OF ASSISTANCE.—**[(a)]** If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this **[subsection]** section for the necessary expenses of liquidating assistance programs.

[(b)] Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and **[chapters 2 and]** chapter 3 of title I, of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) **[Assistance]** *Except as otherwise specifically provided in this Act, assistance* under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Whenever commodities, *equipment, materials*, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, *equipment, materials*, or services which generated the currencies were appropriated.

(b) **[Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$200,000,000 shall be available only for the furnishing of assistance on terms of repayment.]** Funds for the purpose of furnishing assistance on terms of repayment **[shall]** *may* be allocated to the Export-Import Bank of Washington, which **[shall]** *may*, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for

the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

* * * * *

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—[Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132 (a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132 (a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels provided such rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this Act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area.] The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels.

* * * * *

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment

or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials *on a grant basis* under chapter 1 of title I [(other than equipment or materials sold under the provisions of section 106)] for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

* * * * *

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b) and section 413 (b) (4), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this Act through the Secretary of State.

(c) *The President shall continue to exercise the powers conferred on him under chapter 3 of title I, relating to defense support, only through the Secretary of State and his subordinates.*

* * * * *

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

(c) *Under the direction of the President the Secretary of State shall:*

(1) *coordinate the various forms of assistance authorized by this Act so that the foreign policies of the United States may be best served thereby; and*

(2) *determine the value of the program under chapter 1 of title I for any country.*

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-term use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. [The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.]

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—[Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance.] The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

* * * * *

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appoint-

ment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled, *except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds two years*, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds two years.*

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

* * * * *

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 413 (b), and 418 of this Act.

SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out

of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be *consistent with and* in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of *free* nations, are authorized to furnish non-military supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

* * * * *

SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for chapter 1 of title I [and section 124]), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

(1) rents in the District of Columbia for the fiscal year [1957] 1958;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U. S. C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3) employment of aliens, by contract, for services abroad;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,300 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the continental United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U. S. C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) [rental of quarters outside the continental limits of the United States to house employees of the United States Government (without regard to section 322 of the Act of June 30, 1932, as amended (40 U. S. C. 278a)). lease, necessary repairs and alterations to quarters;] *rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;*

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the continental United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U. S. C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the continental United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household

goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, [or] (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) *when he is temporarily absent from his post under orders, or* (v) *when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel,* under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange of persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) Not to exceed **[\$12,000,000]** *\$18,000,000* of the funds available **[in the fiscal year 1957]** for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act.

[SEC. 201. (c)] (d) Funds made available under **[this title]** *section 400 (a)* may be used for expenses (other than those provided for under section **[411 (c)]** *411 (b)* of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) *Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of this Act (through interchange or otherwise) at any State or local unit of Government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, 84th Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: Provided, however, That any such payments to an employee in the nature of compensa-*

tion shall be in lieu of or in reduction of compensation received from the Government of the United States.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

* * * * *

SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

(d) *Funds appropriated pursuant to provisions of this Act repealed by the Mutual Security Act of 1956 or the Mutual Security Act of 1957 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations.*

SEC. 544. AMENDMENTS TO OTHER LAWS.—[(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

["INFORMATIONAL MEDIA GUARANTIES

["SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000."]

[(b)] (a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided,* That any contract extending

beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

[(e) In section 4 of the Act of May 26, 1949 (63 Stat. 111, 5 U. S. C. 151c), insert after the words "such functions" the following: "including if he shall so specify the authority successively to redelegate any of such functions,".

[(d) In the first sentence of section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b) (2)), after "any agency thereof", insert "including amounts received in repayment of principal or interest on any loan made under section 505 (b) of the Mutual Security Act of 1954, as amended".

[(e) Section 933 of the Foreign Service Act of 1946, as amended (22 U. S. C. 1148), is hereby amended by inserting after "continental United States" where it appears in both subsection (a) and subsection (b) of that section "its Territories and possessions,".

[(f) Section 1441 (c) of the Internal Revenue Code of 1954 is hereby amended by inserting after paragraph (5) the following new paragraph:

[(6) PER DIEM OF CERTAIN ALIENS.—No deduction or withholding under subsection (a) shall be required in the case of amounts of per diem for subsistence paid by the United States Government (directly or by contract) to any nonresident alien individual who is engaged in any program of training in the United States under the Mutual Security Act of 1954, as amended."

[(g) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1442), is amended by inserting "(a)" before "The Director", by deleting everything after the words "national interests of the United States", by inserting a period at that point, and by inserting the following new subsections:

[(b) The Director is authorized to assume the obligation of not to exceed \$28,000,000 of the notes authorized to be issued pursuant to subsection 111 (c) (2) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509 (c) (2)), together with the interest accrued and unpaid thereon, and to obtain advances from time to time from the Secretary of the Treasury up to such amount, less amounts previously advanced on such notes, as provided for in said notes. Such advances shall be deposited in a special account in the Treasury available for payments under informational media guaranties.

[(e) The Director is authorized to make informational media guaranties without regard to the limitations of time contained in subsection 413 (b) (4) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4)), but the total of such guaranties outstanding at any one time shall not exceed the sum of the face amount of the notes assumed by the Director less the amounts previously advanced on such notes by the Secretary of the Treasury plus the amount of the funds in the special account referred to in subsection (b).

[(d) Foreign currencies available after June 30, 1955, from conversions made pursuant to the obligation of informational media

guaranties may be sold, in accordance with Treasury Department regulations, for dollars which shall be deposited in the special account and shall be available for payments under new guaranties. Such currencies shall be available, as may be provided for by the Congress in appropriation Acts, for use for educational, scientific, and cultural purposes which are in the national interest of the United States, and for such other purposes of mutual interest as may be agreed to by the governments of the United States and the country from which the currencies derive.

【“(e) Notwithstanding the provisions of subparagraph 413 (b) (4) (E) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4) (E)), (1) fees collected for the issuance of informational media guaranties shall be deposited in the special account and shall be available for payments under informational media guaranties; and (2) the Director may require the payment of a minimum charge of up to fifty dollars for issuance of guaranty contracts, or amendments thereto.

【“(f) The Director is further authorized, under such terms as he may prescribe, to make advance payments under informational media guaranties: *Provided*, That currencies receivable from holders of such guaranties on account of such advance payments shall be paid to the United States within nine months from the date of the advance payment and that appropriate security to assure such payments is required before any advance payment is made.

【“(g) As soon as feasible after the enactment of this subsection, all assets, liabilities, income, expenses, and charges of whatever kind pertaining to informational media guaranties, including any charges against the authority to issue notes provided in section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, cumulative from the enactment of that Act, shall be accounted for separately from other guaranties issued pursuant to subsection 413 (b) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b)): *Provided*, That there shall be transferred from the special account established pursuant to subsection (b), into the account available for payments under guaranties other than informational media guaranties, an amount equal to the total of the fees received for the issuance of guaranties other than informational media guaranties, and used to make payments under informational media guaranties.”.

【“(h) Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), is amended by adding at the end thereof the following: “In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes.

【“(i) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C.

1704), as amended, is further amended by adding after paragraph (h) the following new paragraph:

["(i) for financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year."]

(b) *Public Law 174, Seventy-ninth Congress, as amended, is hereby further amended by striking out "31.5" in the proviso at the end of section 2 and inserting "33.33".*

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SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the [Atomic Energy Act of 1946, as amended (42 U. S. C. 1801)] *Atomic Energy Act of 1954, as amended (42 U. S. C. 2011)*.

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

[SEC. 547. REDUCTION OF AUTHORIZATIONS.—Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the purposes of titles I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000.]

SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.

SEC. 549. SPECIAL PROVISION ON AVAILABILITY OF FUNDS.—An amount equal to 25 per centum of the funds authorized to be appropriated for any fiscal year for purposes of [chapter 3 of title I,] title III[,] or section 403 of this Act is authorized to be continued available for three months beyond the end of the fiscal year for which appropriated.

PROVISO IN SECTION 2 OF PUBLIC LAW 174, 79TH CONGRESS

Provided, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed [31.5] 33.33 per centum.

SECTION 104 (H) OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED (PUBLIC LAW 480, 83D CONG.)

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes[.] *such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;*



Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

[Report No. 417]

IN THE SENATE OF THE UNITED STATES

MAY 22, 1957

Mr. GREEN (for himself and Mr. WILEY) (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

JUNE 7, 1957

Reported, under authority of the order of the Senate of June 6, 1957, by Mr. GREEN, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Mutual Security Act of
4 1957”.

5 SEC. 2. Title I, chapter 1, of the Mutual Security Act
6 of 1954, as amended, which relates to military assistance, is
7 further amended as follows:

8 (a) Amend section 103, which relates to authoriza-
9 tions, as follows:

1 ~~(1)~~ Strike out subsection ~~(a)~~ and substitute the fol-
 2 lowing:

3 ~~“(a)~~ There are hereby authorized to be appropriated
 4 to the President such sums as may be necessary from time
 5 to time to carry out the purposes of this chapter, which
 6 sums shall remain available until expended.”

7 ~~(2)~~ In subsection ~~(b)~~, strike out “and of section
 8 124”.

9 ~~(3)~~ In subsection ~~(c)~~, add at the end thereof the
 10 following new sentence: “When appropriations made pur-
 11 suant to this section are used to furnish military assistance
 12 on terms of repayment within three years or earlier, dollar
 13 repayments, including dollar proceeds derived from the sale
 14 of foreign currency received hereunder to any United States
 15 Government agency or program, may be credited to the
 16 current applicable appropriation and shall be available until
 17 expended for the purposes of this chapter, and, notwithstand-
 18 ing section 1415 of the Supplemental Appropriation Act,
 19 1953, or any other provision of law, repayments in foreign
 20 currency may be used for the purposes of this chapter.”

21 ~~(b)~~ In section 104 ~~(a)~~, which relates to infrastructure,
 22 strike out in the first sentence the words between “Organiza-
 23 tion,” and “out of funds”; strike out “\$780,000,000” in the
 24 first sentence and substitute “\$1,000,000,000”; strike out

1 the second sentence; and in the last sentence strike out “, as
2 heretofore agreed upon,”.

3 (c) In section 105 (b) (3), which relates to condi-
4 tions applicable to military assistance, strike out the words
5 between “Asia” and “, the President”.

6 (d) Amend section 107, which relates to waivers of
7 law, as follows:

8 (1) In subsection (a), strike out “1262 (a), and title
9 34, United States Code, section 546 (e)” and substitute
10 “7307 (a)”.

11 (2) In subsection (b), strike out “Revised Statutes
12 1222 (10 U. S. C. 576)” and substitute “title 10, United
13 States Code, sections 3544 (b) and 8544 (b)”.

14 (e) Repeal section 108, which relates to transfer of mili-
15 tary equipment to Japan.

16 SEC. 3. Chapter 2 of title I of the Mutual Security Act
17 of 1954, as amended, which relates to southeast Asia and
18 the Western Pacific, and direct forces support, is hereby
19 repealed.

20 SEC. 4. Title I, chapter 3, of the Mutual Security Act
21 of 1954, as amended, which relates to defense support, is
22 further amended as follows:

23 (a) Amend section 131, which relates to general au-
24 thority, as follows:

1 ~~(1)~~ In subsection ~~(a)~~, before “designed” in the first
2 sentence, insert “specifically”.

3 ~~(2)~~ Strike out subsection ~~(b)~~ and substitute the follow-
4 ing:

5 “~~(b)~~—There are hereby authorized to be appropriated
6 to the President such sums as may be necessary from time to
7 time to carry out the purposes of this chapter, which sums
8 shall remain available until expended.”

9 ~~(3)~~ Strike out subsection ~~(c)~~, and redesignate subsec-
10 tion “~~(d)~~” as subsection “~~(c)~~”.

11 ~~(b)~~ Repeal section 132, which relates to the Korean
12 program.

13 SEC. 5. Title I, chapter 4, of the Mutual Security Act
14 of 1954, as amended, which relates to general provisions
15 relating to mutual defense assistance, is further amended as
16 follows:

17 ~~(a)~~ In section 142 ~~(b)~~, which relates to agreements;
18 strike out in the first sentence “chapter 2 or” and “or under
19 title II”.

20 ~~(b)~~ Repeal section 143.

21 SEC. 6. Title II of the Mutual Security Act of 1954,
22 as amended, which relates to development assistance, is fur-
23 ther amended by striking out the heading of the title, “DE-
24 VELOPMENT ASSISTANCE”, and substituting “DE-
25 VELOPMENT LOAN FUND”; by striking out subsections

1 ~~(a)~~ and ~~(b)~~ of section 201; by redesignating subsection
2 ~~(c)~~ of section 201 as subsection ~~(d)~~ of section 537 and
3 striking out therein “this title” and “411 (c)” and substi-
4 tuting, respectively, “section 400” and “411 (b)” ; and by
5 inserting the following new sections:

6 “SEC. 201. DECLARATION OF PURPOSE.—The Con-
7 gress of the United States recognizes that the progress of free
8 peoples in their efforts to further their economic develop-
9 ment, and thus to strengthen their freedom, is important to
10 the security and general welfare of the United States. The
11 Congress further recognizes the necessity of assistance to such
12 peoples if they are to succeed in these efforts. The Congress
13 accordingly reaffirms that it is the policy of the United States,
14 and declares it to be the purpose of this title, to assist, on a
15 basis of self-help and mutual cooperation, the efforts of free
16 peoples to develop their economic resources, increase their
17 productive capabilities, and raise their standards of living.

18 “SEC. 202. GENERAL AUTHORITY.—There is here-
19 by established a fund to be known as the ‘Development Loan
20 Fund’ (hereinafter referred to in this title as ‘the Fund’) to
21 be used by the President to finance activities and transactions
22 carried out pursuant to authority contained in this title.

23 “~~(b)~~ To carry out the purposes of this title, the Presi-
24 dent is hereby authorized to make loans, credits, or guaran-
25 ties, or to engage in other financing activities or transactions

1 ~~(not to include grants or direct purchases of equity securi-~~
2 ~~ties)~~; to or with such nations, organizations, persons or other
3 entities, and on such terms and conditions, as he may deter-
4 mine, taking into account ~~(1)~~ whether financing could be
5 obtained in whole or in part from other free world sources on
6 reasonable terms, ~~(2)~~ the economic and technical soundness
7 of the activity or transaction, and ~~(3)~~ whether the activity
8 or transaction gives reasonable promise of contributing to the
9 development of economic resources, increase of productive
10 capacities, or improvement of standards of living in further-
11 ance of the purposes of this title. The Fund shall be admin-
12 istered so as to support and encourage private investment and
13 other private participation furthering the purposes of this
14 title. The authority of section 401 ~~(a)~~ of this Act may not
15 be used to waive the requirements of this title, nor may the
16 authority of section 501 of this Act be used to increase or
17 decrease the funds available under this title.

18 “SEC. 203. CAPITALIZATION.—~~(a)~~ There is hereby
19 authorized to be appropriated to the President without fiscal
20 year limitation, for advances to the Fund, not to exceed
21 \$500,000,000. In addition, unless disapproved in the ap-
22 propriation Act appropriating funds pursuant to the authori-
23 zation contained in the preceding sentence, the Secretary
24 of the Treasury is authorized and directed to make, begin-
25 ning in the fiscal year 1959, loans to the Fund in amounts

1 needed to cover obligations incurred against the Fund. Ex-
2 cept as provided in section 204 (b) of this Act, the maxi-
3 mum amount of obligations incurred against the Fund during
4 the fiscal year 1958 shall be \$500,000,000; during the fiscal
5 year 1959 shall be \$750,000,000; and during the period be-
6 ginning in the fiscal year 1960 shall be \$750,000,000; and
7 any unused portion of the maximum applicable to any period
8 shall be added to the maximum applicable to the succeeding
9 period.

10 “(b) For purposes of the loans provided for in this
11 section, the Secretary of the Treasury is authorized to use
12 the proceeds of the sale of any securities issued under the
13 Second Liberty Bond Act as now in force or has hereafter
14 amended, and the purposes for which securities may be
15 issued under the Second Liberty Bond Act are hereby ex-
16 tended to include this purpose. The President shall deter-
17 mine the terms and conditions of any advances or loans made
18 to the Fund pursuant to this section.

19 “SEC. 204. FISCAL PROVISIONS.—(a) All receipts
20 from activities or transactions under this title shall be cred-
21 ited to the Fund and, notwithstanding section 1415 of the
22 Supplemental Appropriation Act, 1953, or any other pro-
23 vision of law relating to the use of foreign currencies or
24 other receipts accruing to the United States, shall be avail-
25 able for use for purposes of this title.

1 “(b) The President is authorized to incur, in accordance
2 with the provisions of this title, obligations against the Fund
3 in amounts which may not at any time exceed the assets
4 of the Fund. The amount of such obligations also may not
5 exceed the limitations specified in section 203 (a) of this
6 Act except that, to the extent that assets of the Fund other
7 than capitalization provided pursuant to section 203 (a)
8 are available, obligations may be incurred beyond such
9 limitations. The term ‘assets of the Fund’ as used in this
10 section shall mean the amount of liquid assets of the Fund
11 at any given time including any amount of capitalization
12 authorized pursuant to section 203 (a) of this Act which
13 has not been advanced or loaned to the fund as of such time.
14 The Fund shall be available without fiscal year limitation
15 for any obligations or expenditures in connection with the
16 performance of functions under this title, including repay-
17 ment of loans made to the Fund pursuant to section 203 (a)
18 of this Act.

19 “(c) In the performance of and with respect to the
20 functions, powers, and duties vested in him by this title, the
21 President shall prepare annually and submit a budget pro-
22 gram in accordance with the provisions of the Government
23 Corporation Control Act, as amended; and he shall cause
24 to be maintained an integral set of accounts which shall be
25 audited by the General Accounting Office in accordance with

1 principles and procedures applicable to commercial corporate
2 transactions as provided by the Government Corporation
3 Control Act, as amended, and no other audit shall be
4 required.

5 “SEC. 205. POWERS AND AUTHORITIES.—In carrying
6 out the purposes of this title, any officer or agency of the
7 United States designated to exercise authorities provided
8 for hereunder may, in addition to other powers and authori-
9 ties provided in this Act or elsewhere, and as the President
10 may direct: enter into, perform, and modify contracts, leases,
11 agreements, or other transactions, on such terms as may
12 be deemed appropriate, with any agency or instrumentality
13 of the United States, with any foreign government or for-
14 eign government agency, or with any person, partnership,
15 association, corporation, organization, or other entity, public
16 or private, singly or in combination; accept and use gifts
17 or donations of services, funds, or property (real, personal
18 or mixed, tangible or intangible); contract for the services
19 of attorneys; determine the character of and necessity for
20 obligations and expenditures under this title, and the man-
21 ner in which they shall be incurred, allowed, and paid, sub-
22 ject to provisions of law specifically applicable to Govern-
23 ment corporations; acquire and dispose of, upon such terms
24 and conditions and for such consideration as such officer or

1 agency shall determine to be reasonable, through purchase,
2 exchange, discount, rediscount, public or private sale, nego-
3 tiation, assignment, exercise of option or conversion rights,
4 or otherwise, for cash or credit, with or without endorse-
5 ment or guaranty, any property, real, personal, mixed,
6 tangible or intangible, including, but not limited to, mort-
7 gages, bonds, debentures (including convertible debentures),
8 liens, pledges, and other collateral or security, contracts,
9 claims, currencies, notes, drafts, checks, bills of exchange,
10 acceptances including bankers' acceptances, cable transfers
11 and all other evidences of indebtedness or ownership (pro-
12 vided that equity securities may not be directly purchased
13 although such securities may be acquired by other means
14 such as by exercise of conversion rights or through enforce-
15 ment of liens, pledges or otherwise to satisfy a previously
16 incurred indebtedness), and guarantee payment against any
17 instrument above specified; issue letters of credit and let-
18 ters of commitment; collect or compromise any obligations
19 assigned to or held by, and any legal or equitable rights
20 accruing to, such officer or agency, and, as such officer or
21 agency may determine, refer any such obligations or rights
22 to the Attorney General for suit or collection; and other-
23 wise take any and all actions determined by such officer

1 or agency to be necessary or desirable in making, carrying
2 out, servicing, compromising, liquidating, or otherwise deal-
3 ing with or realizing on any transaction or activity author-
4 ized by this title."

5 SEC. 7. Title III of the Mutual Security Act of 1954,
6 as amended, which relates to technical cooperation, is further
7 amended as follows:

8 (a) In section 304, which relates to authorization,
9 strike out subsections (a) and (b) and substitute the follow-
10 ing: "There are hereby authorized to be appropriated to the
11 President such sums as may be necessary from time to time
12 to carry out the purposes of this title."

13 (b) Amend section 306, which relates to multilateral
14 technical cooperation, as follows:

15 (1) Strike out the text of subsection (a) and substitute
16 the following:

17 "\$15,500,000 for the fiscal year 1958 for contributions
18 to the United Nations Expanded Program of Technical As-
19 sistance: *Provided, That,* notwithstanding any other pro-
20 vision of law, the United States contribution to this program
21 for the calendar year 1958 may constitute as much as, but
22 shall not exceed, 45 per centum of the total amount con-
23 tributed to the program for that period."

1 ~~(2)~~ Strike out the text of subsection ~~(b)~~ and substitute
2 the following:

3 “\$1,500,000 for the fiscal year 1958 for contributions
4 to the technical cooperation program of the Organization of
5 American States.”

6 SEC. 8. Title IV of the Mutual Security Act of 1954,
7 as amended, which relates to other programs, is further
8 amended as follows:

9 ~~(a)~~ Insert before section 401 the following new section:

10 “SEC. 400. SPECIAL ASSISTANCE.—There is hereby
11 authorized to be appropriated to the President for the fiscal
12 year 1958 not to exceed \$300,000,000 for use on such terms
13 and conditions as he may specify for assistance designed to
14 maintain or promote political or economic stability or for
15 assistance in accordance with the provisions of this Act
16 applicable to the furnishing of assistance under title I, section
17 304, section 405, or section 407 of this Act. \$100,000,000
18 of the funds authorized to be appropriated pursuant to this
19 section for any fiscal year may be used in such year in
20 accordance with the provisions of section 401 ~~(a)~~.”

21 ~~(b)~~ Amend section 401, which relates to special fund,
22 as follows:

23 ~~(1)~~ Strike out the title of this section and substitute
24 “PRESIDENT’S SPECIAL AUTHORITY”.

25 ~~(2)~~ In subsection ~~(a)~~, strike out “to be appropriated

1 under subsection ~~(b)~~ hereof" in the first sentence and
 2 substitute "for such use by section 400 of this Act"; before
 3 "~~,~~ in furtherance of" in the first sentence, insert "or any
 4 Act appropriating funds pursuant to authorizations contained
 5 in this Act"; and strike out the second sentence.

6 ~~(3)~~ Strike out subsection ~~(b)~~.

7 ~~(4)~~ Redesignate subsection "~~(c)~~" as subsection "~~(b)~~".

8 ~~(c)~~ In section 402, which relates to earmarking of
 9 funds, strike out all preceding "shall be used" in the first
 10 sentence and substitute "Of the funds authorized to be made
 11 available in the fiscal year 1958 pursuant to this Act ~~(other~~
 12 ~~than funds made available pursuant to title II), not less~~
 13 ~~than \$175,000,000~~".

14 ~~(d)~~ Amend section 403, which relates to special assist-
 15 ance in joint control areas, as follows:

16 ~~(1)~~ In subsection ~~(a)~~, strike out the subsection design-
 17 nation "~~(a)~~"; and in the second sentence strike out all
 18 following "the President" and substitute "for the fiscal year
 19 1958 not to exceed \$11,500,000 to carry out this section."

20 ~~(2)~~ Strike out subsection ~~(b)~~.

21 ~~(c)~~ Amend section 405, which relates to migrants,
 22 refugees, and escapees, as follows:

23 ~~(1)~~ In subsection ~~(a)~~, strike out the words between
 24 "appropriated" and "such amounts"; and strike out the
 25 last sentence.

1 ~~(2)~~ In subsection ~~(e)~~, strike out the words between
 2 “appropriated” and “for contributions” and substitute “for
 3 the fiscal year 1958 not to exceed \$2,233,000”.

4 ~~(3)~~ In subsection ~~(d)~~, strike out the words between
 5 “President” and “for continuation” and substitute “for the
 6 fiscal year 1958 not to exceed \$5,500,000”.

7 ~~(f)~~ Amend section 406, which relates to children's
 8 welfare, as follows:

9 ~~(1)~~ In subsection ~~(a)~~, strike out the subsection desig-
 10 nation “~~(a)~~”; and strike out all following “exceed” and
 11 substitute “\$11,000,000 for the fiscal year 1958 for con-
 12 tributions to the United Nations Children's Fund.”.

13 ~~(2)~~ Strike out subsection ~~(b)~~.

14 ~~(g)~~ In section 407, which relates to Palestine refugees
 15 in the Near East, strike out the first two sentences in sub-
 16 section ~~(a)~~ and substitute in lieu thereof the text of the
 17 present subsection ~~(b)~~; strike out the subsection designation
 18 “~~(a)~~”; and strike out subsection ~~(b)~~.

19 ~~(h)~~ In section 408, which relates to the North Atlantic
 20 Treaty Organization, strike out in subsection ~~(a)~~ the words
 21 between “appropriated” and “such amounts”.

22 ~~(i)~~ Amend section 409, which relates to ocean freight
 23 charges, as follows:

1 (1) Strike out the text of subsection (c) and substitute
 2 “There is hereby authorized to be appropriated to the Presi-
 3 dent for the fiscal year 1958 not to exceed \$2,200,000 to
 4 carry out the purposes of this section.”

5 (2) In subsection (d), strike out all preceeding “to pay”
 6 in the first sentence and substitute “In addition, any funds
 7 made available under this Act may be used, in amounts de-
 8 termined by the President,”; and strike out the second sen-
 9 tence.

10 (j) In section 410, which relates to Control Act ex-
 11 penses, strike out the words between “President” and “for
 12 carrying out” in the first sentence and substitute “for the
 13 fiscal year 1958 not to exceed \$1,300,000”.

14 (k) Amend section 411, which relates to administra-
 15 tive and other expenses, as follows:

16 (1) In subsection (b), strike out the words between
 17 “President” and “for necessary” and substitute “for the fiscal
 18 year 1958 not to exceed \$35,000,000”; strike out “and
 19 section 124”; and before the period at the end of the subsec-
 20 tion, insert “and functions under the Agricultural Trade De-
 21 velopment and Assistance Act of 1954, as amended (7
 22 U. S. C. 1691 and the following) performed by any agency
 23 or officer administering nonmilitary assistance”.

1 ~~(2)~~ Strike out subsection ~~(c)~~, and redesignate subsec-
 2 tions "~~(d)~~" and "~~(e)~~" as subsections "~~(e)~~" and "~~(d)~~",
 3 respectively.

4 ~~(1)~~ Repeal section 412, which relates to Chinese and
 5 Korean students.

6 ~~(m)~~ Repeal sections 419 and 421, relating, respectively,
 7 to World Health Organization and Food and Agriculture
 8 Organization, which repeals shall not be deemed to affect
 9 amendments contained in such sections to Acts other than
 10 the Mutual Security Act of 1954, as amended; and add the
 11 following new sections:

12 "SEC. 419. ATOMS FOR PEACE.—~~(a)~~ The President is
 13 hereby authorized to furnish from funds made available pur-
 14 suant to this section, in addition to other funds available for
 15 such purposes, and on such terms and conditions as he may
 16 specify, assistance designed to promote the peaceful uses of
 17 atomic energy abroad. There is hereby authorized to be
 18 appropriated to the President for the fiscal year 1958 not to
 19 exceed \$7,000,000 to carry out the purposes of this section.

20 "~~(b)~~ The United States share of the cost of any re-
 21 search reactor made available to another government under
 22 this section shall not exceed \$350,000.

23 "~~(c)~~ In carrying out the purposes of this section, the
 24 appropriate United States departments and agencies shall

1 give full and continuous publicity through the press, radio,
2 and all other available mediums, so as to inform the peoples
3 of the participating countries regarding the assistance, in-
4 cluding its purpose, source, and character, furnished by the
5 United States. Such portions of any research reactor fur-
6 nished under this section as may be appropriately dis-
7 stamped or labeled as a product of the United States shall
8 be so stamped or labeled.

9 “SEC. 420. MALARIA ERADICATION.—The Congress of
10 the United States, recognizing that the disease of malaria,
11 because of its widespread prevalence, debilitating effects,
12 and heavy toll in human life, constitutes a major deterrent
13 to the efforts of many peoples to develop their economic
14 resources and productive capacities and to improve their
15 living conditions, and further recognizing that it now ap-
16 pears technically feasible to eradicate this disease, declares
17 it to be the policy of the United States and the purpose of
18 this section to assist other peoples in their efforts to eradi-
19 cate malaria. The President is hereby authorized to furnish
20 to such nations, organizations, persons or other entities as
21 he may determine, and on such terms and conditions as he
22 may specify, financial and other assistance to carry out the
23 purpose of this section. Funds made available pursuant to

1 authorizations contained in this Act (other than title I,
2 chapter 1, and title II) may be used to carry out the purpose
3 of this section."

4 SEC. 9. Title V, chapter 1, of the Mutual Security Act
5 of 1954, as amended, which relates to general provisions, is
6 further amended as follows:

7 (a) Amend section 503, which relates to termination
8 of assistance, as follows:

9 (1) Strike out the subsection designation "(a)"; and
10 in the last sentence of subsection (a) strike out "subsection"
11 and substitute "section".

12 (2) Strike out subsection (b).

13 (b) In section 504 (a), which relates to small business,
14 strike out "chapters 2 and" and substitute "chapter".

15 (c) Amend section 505, which relates to loan assistance
16 and sales, as follows:

17 (1) In subsection (a), strike out "Assistance" in the
18 first sentence and substitute "Except as otherwise specifically
19 provided in this Act, assistance"; and after "commodities"
20 both times it appears in the second sentence, insert "equip-
21 ment, materials,".

22 (2) In subsection (b), strike out the first sentence; and

1 strike out "shall" both times it appears in the second sen-
2 tence and substitute "may".

3 ~~(d)~~ In section 509, which relates to shipping on United
4 States vessels, strike out the first sentence.

5 ~~(e)~~ In section 511 ~~(e)~~, which relates to retention and
6 return of equipment, after "materials" the first time it ap-
7 pears, insert "on a grant basis"; and strike out "~~(other than~~
8 ~~equipment or materials sold under the provisions of section~~
9 ~~406)~~".

10 SEC. 10. Title V, chapter 2, of the Mutual Security Act
11 of 1954, as amended, which relates to organization and ad-
12 ministration, is further amended as follows:

13 ~~(a)~~ In section 527 ~~(e)~~, which relates to employment of
14 personnel, after "shall be entitled" in paragraph ~~(1)~~, insert
15 " , except to the extent that the President may specify other-
16 wise,"; and before the period at the end of paragraph ~~(2)~~,
17 insert " : *Provided, however,* That the President may by
18 regulation make exceptions to the application of section 528".

19 ~~(b)~~ In section 534, which relates to reports, after
20 "~~504,~~", insert "~~202, 400,~~".

21 ~~(c)~~ In section 535 ~~(b)~~, which relates to cooperation
22 with nations and international organizations, before "in fur-

1 therance of" in the first sentence insert "consistent with
2 and"; and strike out "and within the limitations" in the first
3 sentence.

4 (d) Amend section 537, which relates to provisions on
5 uses of funds, as follows:

6 (1) In the opening clause of subsection (a), within
7 the parentheses, strike out "and section 124".

8 (2) In subsection (a), paragraph (1), strike out
9 "1957" and substitute "1958".

10 (3) Amend the text of subsection (a), paragraph
11 (10), to read "rental or lease outside the continental limits
12 of the United States of offices, buildings, grounds, and
13 living quarters to house personnel; maintenance, furnishings,
14 necessary repairs, improvements, and alterations to proper-
15 ties owned or rented by the United States Government
16 abroad; and costs of fuel, water and utilities for such
17 properties;"

18 (4) In subsection (a), paragraph (17), strike out
19 "or" preceding "(iii)"; and after "another", insert ", (iv)
20 when he is temporarily absent from his post under orders,
21 or (v) when through no fault of the employee storage costs
22 are incurred on such furniture and effects (including auto-
23 mobiles) in connection with authorized travel".

24 (5) In subsection (c), strike out the words preceding

1 “funds”; change “funds” to “Funds”; and strike out “in
2 the fiscal year 1957”.

3 ~~(6)~~ Add the following new subsection:

4 “(c) Funds available under this Act may be used to
5 pay costs of training United States citizen personnel em-
6 ployed or assigned pursuant to section 527 (c) (2) of this
7 Act (through interchange or otherwise) at any State or
8 local unit of government, public or private nonprofit in-
9 stitution, trade, labor, agricultural, or scientific association
10 or organization, or commercial firm; and the provisions of
11 Public Law 918, Eighty-fourth Congress, may be used to
12 carry out the foregoing authority notwithstanding that in-
13 terchange of personnel may not be involved or that the train-
14 ing may not take place at the institutions specified in that
15 Act. Such training shall not be considered employment or
16 holding of office under title 5, United States Code, section
17 62, and any payments or contributions in connection there-
18 with may, as deemed appropriate by the head of the United
19 States Government agency authorizing such training, be
20 made by private or public sources and be accepted by any
21 trainee, or may be accepted by and credited to the current
22 applicable appropriation of such agency: *Provided, how-*
23 *ever,* That any such payments to an employee in the nature
24 of compensation shall be in lieu of or in reduction of com-

1 pensation received from the Government of the United
2 States.”

3 SEC. 11. Title V, chapter 3, of the Mutual Security Act
4 of 1954, as amended, which relates to repeal and miscella-
5 neous provisions, is further amended as follows:

6 (a) In section 543, relating to saving provisions, insert
7 the following new subsections:

8 “(d) Funds appropriated pursuant to provisions of this
9 Act repealed by the Mutual Security Act of 1956 or the
10 Mutual Security Act of 1957 shall remain available for their
11 original purposes in accordance with the provisions of law
12 originally applicable thereto. The repeal by the Mutual Se-
13 curity Act of 1957 of sections 121, 131 (c) and 132 of this
14 Act shall not be deemed to affect the authority contained in
15 the third sentence of section 121, or the authorities con-
16 tained in the last sentence of section 131 (c); that part of
17 the first sentence of section 132 (a) which relates to pay-
18 ment of ocean freight charges on shipments to Korea for
19 relief without regard to the requirements of section 409, and
20 section 132 (d). References in any Act to provisions of this
21 Act repealed or stricken out by the Mutual Security Act
22 of 1957 are hereby stricken out; and references in any Act
23 to provisions of this Act redesignated by the Mutual Security
24 Act of 1957 are hereby amended to refer to the new design-
25 ations.”

1 ~~(b)~~ Amend section 544, which relates to amendments
2 to other laws, as follows:

3 ~~(1)~~ Repeal subsections ~~(a)~~, ~~(c)~~, ~~(d)~~, ~~(e)~~, ~~(f)~~, ~~(g)~~,
4 ~~(h)~~, and ~~(i)~~, which repeals shall not be deemed to affect
5 amendments contained in such subsections to Acts other
6 than the Mutual Security Act of 1954, as amended; and
7 redesignate subsection "~~(b)~~" as subsection "~~(a)~~".

8 ~~(2)~~ Add the following new subsection:

9 "~~(b)~~ Public Law 174, Seventy-ninth Congress, as
10 amended, is hereby further amended by striking out the
11 proviso at the end of section 2."

12 ~~(c)~~ In section 546 ~~(b)~~, relating to construction, strike
13 out "~~Atomic Energy Act of 1946, as amended (42 U. S. C.~~
14 ~~1801)~~" and substitute "~~Atomic Energy Act of 1954, as~~
15 ~~amended (42 U. S. C. 2011)~~".

16 ~~(d)~~ Repeal section 547, which relates to reduction of
17 authorizations.

18 ~~(e)~~ In section 549, relating to special provision on
19 availability of funds, strike out "~~chapter 3 of title I,~~" and
20 strike out the comma following "~~title III~~".

21 *That this Act may be cited as the "Mutual Security Act of*
22 *1957".*

23 *SEC. 2. Title I, chapter 1, of the Mutual Security Act*
24 *of 1954, as amended, which relates to military assistance, is*
25 *further amended as follows:*

1 (a) Amend section 103, which relates to authoriza-
2 tions, as follows:

3 (1) Strike out subsection (a) and substitute the fol-
4 lowing:

5 “(a) There is hereby authorized to be appropriated to
6 the President for use beginning in the fiscal year 1958 to
7 carry out the purposes of this chapter not to exceed \$1,800,-
8 000,000, which shall remain available until expended. There
9 is hereby authorized to be appropriated to the President for
10 use beginning in the fiscal year 1959 to carry out the pur-
11 poses of this chapter not to exceed \$1,500,000,000, which
12 shall remain available until expended.”

13 (2) In subsection (b), strike out “and of section 124”.

14 (3) In subsection (c), add at the end thereof the follow-
15 ing new sentence: “When appropriations made pursuant to
16 this section are used to furnish military assistance on terms
17 of repayment within three years or earlier, dollar repay-
18 ments, including dollar proceeds derived from the sale of
19 foreign currency received hereunder to any United States
20 Government agency or program, may be credited to the
21 current applicable appropriation and shall be available until
22 expended for the purposes of military assistance on terms of
23 repayment, and, notwithstanding section 1415 of the Supple-
24 mental Appropriation Act, 1953, or any other provision of
25 law relating to the use of foreign currencies or other receipts

1 accruing to the United States, repayments in foreign cur-
 2 rency may be used for the purposes of this chapter: Provided,
 3 That the authority in this sentence shall apply to repayments
 4 from not to exceed \$175,000,000 of the appropriations used
 5 for such assistance.”.

6 (b) In section 104 (a), which relates to infrastructure,
 7 strike out in the first sentence the word “already”; strike out
 8 “\$780,000,000” in the first sentence and substitute “\$1,000-
 9 000,000”; and strike out the second sentence.

10 (c) In section 105 (b) (3), which relates to condi-
 11 tions applicable to military assistance, strike out the words
 12 between “Asia” and “, the President”.

13 (d) Amend section 107, which relates to waivers of
 14 law, as follows:

15 (1) In subsection (a), strike out “1262 (a), and title
 16 34, United States Code, section 546 (e)” and substitute
 17 “7307 (a)”.

18 (2) In subsection (b), strike out “Revised Statutes
 19 1222 (10 U. S. C. 576)” and substitute “title 10, United
 20 States Code, sections 3544 (b) and 8544 (b)”.

21 (e) Repeal section 108, which relates to transfer of mili-
 22 tary equipment to Japan.

23 SEC. 3. Chapter 2 of title I of the Mutual Security Act
 24 of 1954, as amended, which relates to southeast Asia and

1 *the Western Pacific, and direct forces support, is hereby*
2 *repealed.*

3 *SEC. 4. Title I, chapter 3, of the Mutual Security Act*
4 *of 1954, as amended, which relates to defense support, is*
5 *further amended as follows:*

6 *(a) Amend section 131, which relates to general au-*
7 *thority, as follows:*

8 *(1) In subsection (a), before "designed" in the first*
9 *sentence, insert "specifically".*

10 *(2) Strike out subsection (b) and substitute the follow-*
11 *ing:*

12 *"(b) There is hereby authorized to be appropriated to*
13 *the President for use beginning in the fiscal year 1958 to*
14 *carry out the purposes of this section not to exceed \$800,-*
15 *000,000, which shall remain available until expended. There*
16 *is hereby authorized to be appropriated to the President for*
17 *use beginning in the fiscal year 1959 to carry out the pur-*
18 *poses of this section not to exceed \$710,000,000, which shall*
19 *remain available until expended."*

20 *(3) Strike out subsection (c), and redesignate subsec-*
21 *tion "(d)" as subsection "(c)".*

22 *(4) Add a new subsection (d) as follows:*

23 *"(d) To the extent necessary to accomplish the purposes*
24 *of this section in Korea (1) assistance may be furnished*
25 *under this section without regard to the other provisions of*

1 *this title and (2) the authority provided in section 307 may*
2 *be exercised in furnishing assistance under subsection (a) of*
3 *this section; and funds available under this section may be*
4 *used for payment of ocean freight charges on shipments for*
5 *relief and rehabilitation in Korea without regard to section*
6 *409 of this Act."*

7 *(b) Repeal section 132, which relates to the Korean*
8 *program.*

9 *SEC. 5. Title I, chapter 4, of the Mutual Security Act*
10 *of 1954, as amended, which relates to general provisions*
11 *relating to mutual defense assistance, is further amended as*
12 *follows:*

13 *(a) In section 142 (b), which relates to agreements,*
14 *strike out in the first sentence "chapter 2 or" and "or under*
15 *title II".*

16 *(b) Section 143 is amended to read as follows:*

17 *"SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnish-*
18 *ing assistance to Yugoslavia, the President shall continuously*
19 *assure himself (1) that Yugoslavia continues to maintain its*
20 *independence, (2) that Yugoslavia is not participating in*
21 *any policy or program for the Communist conquest of the*
22 *world, and (3) that the furnishing of such assistance is in*
23 *the interest of the national security of the United States.*
24 *The President shall keep the Foreign Relations Committee*
25 *of the Senate, the Foreign Affairs Committtee of the House*

1 of Representatives, and the Appropriations Committees of the
2 Senate and of the House of Representatives fully and con-
3 stantly informed of any assistance furnished to Yugoslavia
4 under this Act.”

5 (c) Add a new section 144 as follows:

6 “SEC. 144. SOUTHEAST ASIA.—Assistance under this
7 title shall be made available subject to the provisions of sec-
8 tions 141 and 142, except that (1) in the case of assistance
9 to the Associated States of Cambodia, Laos, and Vietnam,
10 and (2) in the case of assistance (not to exceed in the aggre-
11 gate 10 per centum of the amount appropriated pursuant
12 to section 121, excluding unexpended balances of prior appro-
13 priations) to other nations in the area of southeast Asia,
14 the President may waive specific provisions of section 142
15 to the extent he may deem necessary in the national interest
16 to carry out the purposes of this Act. The President or such
17 officer as he may designate shall report each instance of such
18 waiver to the Foreign Relations, Appropriations, and Armed
19 Services Committees of the Senate and the Foreign Affairs,
20 Appropriations, and Armed Services Committees of the House
21 of Representatives within thirty days.”

22 SEC. 6. Title II of the Mutual Security Act of 1954,
23 as amended, which relates to development assistance, is fur-
24 ther amended by striking out the heading of the title, “DE-
25 VELOPMENT ASSISTANCE”, and substituting “DE-

1 *VELOPMENT LOAN FUND*”; by striking out the sec-
 2 tion number and heading of section 201 and striking out
 3 subsections (a) and (b) of section 201; by redesignating
 4 subsection (c) of section 201 as subsection (d) of section 537
 5 and striking out therein “this title” and “411 (c)” and sub-
 6 stituting, respectively, “section 400 (a)” and “411 (b)”;
 7 and by inserting the following new sections:

8 “*SEC. 201. DECLARATION OF PURPOSE.—The Con-*
 9 *gress of the United States recognizes that the progress of free*
 10 *peoples in their efforts to further their economic develop-*
 11 *ment, and thus to strengthen their freedom, is important to*
 12 *the security and general welfare of the United States. The*
 13 *Congress further recognizes the necessity in some cases of as-*
 14 *sistance to such peoples if they are to succeed in these efforts.*
 15 *The Congress accordingly reaffirms that it is the policy of the*
 16 *United States, and declares it to be the purpose of this title,*
 17 *to assist, on a basis of self-help and mutual cooperation, the*
 18 *efforts of free peoples to develop their economic resources and*
 19 *to increase their productive capabilities.*

20 “*SEC. 202. GENERAL AUTHORITY.—(a) There is here-*
 21 *by established a fund to be known as the ‘Development Loan*
 22 *Fund’ (hereinafter referred to in this title as ‘the Fund’) to*
 23 *be used by the President to finance activities carried out pur-*
 24 *suant to authority contained in this title.*

1 “(b) To carry out the purposes of this title, the Presi-
2 dent is hereby authorized to make loans, credits, or guaran-
3 ties, or to engage in other financing operations or transactions
4 (not to include grants or direct purchases of equity securi-
5 ties), to or with such nations, organizations, persons or other
6 entities, and on such terms and conditions, as he may deter-
7 mine, taking into account (1) whether financing could be
8 obtained in whole or in part from other free world sources on
9 reasonable terms, (2) the economic and technical soundness
10 of the activity to be financed, and (3) whether the activity
11 gives reasonable promise of contributing to the development
12 of economic resources or to the increase of productive capaci-
13 ties in furtherance of the purposes of this title. The Fund
14 shall be administered so as to support and encourage private
15 investment and other private participation furthering the
16 purposes of this title, and it shall be administered so as not
17 to compete with private investment capital, the Export-Import
18 Bank or the International Bank for Reconstruction and
19 Development. The authority of section 401 (a) of this Act
20 may not be used to waive the requirements of this title or of
21 the Mutual Defense Assistance Control Act of 1951 with
22 respect to this title, nor may the authority of section 501 of
23 this Act be used to increase or decrease the funds available
24 under this title. Guaranties under this subsection shall be
25 subject to the provisions of section 413 (b) (4), except sub-

1 paragraph (F) thereof. The administrator of the Fund shall
2 furnish to the Foreign Relations Committee of the Senate
3 and to the Foreign Affairs Committee of the House of
4 Representatives a report on each financing operation or
5 transaction involving more than \$10,000,000 of the Fund's
6 assets and involving an activity requiring longer than one
7 year to complete. Such report shall be made at the time
8 such financing operation or transaction is consummated.

9 "SEC. 203. CAPITALIZATION.—(a) There is hereby
10 authorized to be appropriated to the President without fiscal
11 year limitation, for advances to the Fund, not to exceed
12 \$500,000,000. In addition, unless disapproved in the ap-
13 propriation Act appropriating funds pursuant to the author-
14 ization contained in the preceding sentence, the Secretary
15 of the Treasury is authorized and directed to make, begin-
16 ning in the fiscal year 1959, loans to the Fund in amounts
17 needed to cover obligations incurred against the Fund. Ex-
18 cept as provided in section 204 (b) of this Act, the maxi-
19 mum amount of obligations incurred against the Fund during
20 the fiscal year 1958 shall be \$500,000,000, during the fiscal
21 year 1959 shall be \$750,000,000, and during the period be-
22 ginning in the fiscal year 1960 shall be \$750,000,000; and
23 any unused portion of the maximum applicable to any period
24 shall be added to the maximum applicable to the succeeding
25 period.

1 “(b) For purposes of the loans provided for in this
2 section, the Secretary of the Treasury is authorized to use
3 the proceeds of the sale of any securities issued under the
4 Second Liberty Bond Act as now in force or as hereafter
5 amended, and the purposes for which securities may be
6 issued under the Second Liberty Bond Act are hereby ex-
7 tended to include this purpose. The President shall deter-
8 mine the terms and conditions of any advances or loans made
9 to the Fund pursuant to this section.

10 “SEC. 204. FISCAL PROVISIONS.—(a) All receipts
11 from activities or transactions under this title shall be cred-
12 ited to the Fund and, notwithstanding section 1415 of the
13 Supplemental Appropriation Act, 1953, or any other pro-
14 vision of law relating to the use of foreign currencies or
15 other receipts accruing to the United States, shall be avail-
16 able for use for purposes of this title.

17 “(b) The President is authorized to incur, in accordance
18 with the provisions of this title, obligations against the Fund
19 in amounts which may not at any time exceed the assets
20 of the Fund. The amount of such obligations also may not
21 exceed the limitations specified in section 203 (a) of this
22 Act except that, to the extent that assets of the Fund other
23 than capitalization provided pursuant to section 203 (a)
24 are available, obligations may be incurred beyond such
25 limitations. Obligations incurred against the Fund which

1 are subsequently canceled shall not be counted for purposes
2 of the limitations on obligations specified in section 203 (a).
3 The term 'assets of the Fund' as used in this section shall
4 mean the amount of liquid assets of the Fund at any given
5 time including any amount of capitalization authorized pur-
6 suant to section 203 (a) of this Act which has not been
7 advanced or loaned to the Fund as of such time. The Fund
8 shall be available without fiscal year limitation for any
9 obligations or expenditures in connection with the perform-
10 ance of functions under this title, including repayment of
11 loans made to the Fund pursuant to section 203 (a) of this
12 Act.

13 “(c) In the performance of and with respect to the
14 functions, powers, and duties vested in him by this title, the
15 President shall prepare annually and submit a budget pro-
16 gram in accordance with the provisions of the Government
17 Corporation Control Act, as amended; and he shall cause
18 to be maintained an integral set of accounts which shall be
19 audited by the General Accounting Office in accordance with
20 principles and procedures applicable to commercial corporate
21 transactions as provided by the Government Corporation
22 Control Act, as amended, and no other audit shall be
23 required.

24 “SEC. 205. POWERS AND AUTHORITIES.—In carrying
25 out the purposes of this title, any officer or agency of the

1 *United States designated to exercise authorities provided*
2 *for hereunder may, in addition to other powers and authori-*
3 *ties provided to such officer or agency pursuant to this*
4 *Act or otherwise by law, and as the President may*
5 *direct: enter into, perform, and modify contracts, leases,*
6 *agreements, or other transactions, on such terms as may*
7 *be deemed appropriate, with any agency or instrumentality*
8 *of the United States, with any foreign government or for-*
9 *ign government agency, or with any person, partnership,*
10 *association, corporation, organization, or other entity, public*
11 *or private, singly or in combination; accept and use gifts*
12 *or donations of services, funds, or property (real, personal*
13 *or mixed, tangible or intangible); contract for the services*
14 *of attorneys; determine the character of and necessity for*
15 *obligations and expenditures under this title, and the man-*
16 *ner in which they shall be incurred, allowed, and paid, sub-*
17 *ject to provisions of law specifically applicable to Govern-*
18 *ment corporations; acquire and dispose of, upon such terms*
19 *and conditions and for such consideration as such officer or*
20 *agency shall determine to be reasonable, through purchase,*
21 *exchange, discount, rediscount, public or private sale, nego-*
22 *tiation, assignment, exercise of option or conversion rights,*
23 *or otherwise, for cash or credit, with or without endorse-*
24 *ment or guaranty, any property, real, personal, mixed,*
25 *tangible or intangible, including, but not limited to, mort-*

1 gages, bonds, debentures (including convertible debentures),
2 liens, pledges, and other collateral or security, contracts,
3 claims, currencies, notes, drafts, checks, bills of exchange,
4 acceptances including bankers' acceptances, cable transfers
5 and all other evidences of indebtedness or ownership (pro-
6 vided that equity securities may not be directly purchased
7 although such securities may be acquired by other means
8 such as by exercise of conversion rights or through enforce-
9 ment of liens, pledges or otherwise to satisfy a previously
10 incurred indebtedness), and guarantee payment against any
11 instrument above specified; issue letters of credit and let-
12 ters of commitment; collect or compromise any obligations
13 assigned to or held by, and any legal or equitable rights
14 accruing to, such officer or agency, and, as such officer or
15 agency may determine, refer any such obligations or rights
16 to the Attorney General for suit or collection; and other-
17 wise take any and all actions determined by such officer
18 or agency to be necessary or desirable in making, carrying
19 out, servicing, compromising, liquidating, or otherwise deal-
20 ing with or realizing on any transaction or operation
21 authorized by this title. No officer shall be designated to
22 be the administrator of the Fund except by appointment by the
23 President by and with the advice and consent of the Senate.

24 "SEC. 206. ADVISORY LOAN COMMITTEE.—There is
25 hereby established an Advisory Loan Committee, referred to

1 in this section as the 'Committee', which shall advise and
2 consult with the President, or such officer as he may desig-
3 nate to administer the Fund, with respect to basic policy
4 matters arising in connection with the operations of the
5 Fund and with respect to each new obligation against the
6 Fund in excess of \$10,000,000. The Committee shall con-
7 sist of the Deputy Undersecretary of State for Economic
8 Affairs, the Chairman of the International Development
9 Advisory Board acting in his individual capacity, the
10 administrator of the Fund, and representatives designated
11 by the President from the Export-Import Bank, the De-
12 partment of Agriculture, the Department of Commerce, the
13 United States representation in the International Bank for
14 Reconstruction and Development, and such other repre-
15 sentatives of Government agencies as the President shall
16 deem necessary to insure proper coordination of the Fund's
17 activities with the activities of other sources of capital which
18 flows abroad. The Deputy Undersecretary of State for
19 Economic Affairs shall be Chairman, and the administrator
20 of the Fund shall be Vice Chairman, of the Committee.
21 The administrator of the Fund shall furnish to the Com-
22 mittee all necessary information to enable the Committee to
23 form a judgment with respect to the subjects referred to in
24 the first sentence of this section. If the administrator of
25 the Fund follows a course contrary to the advice of a

1 majority of the Committee with respect to any such subject,
 2 he shall furnish to the Committee and to the Committee on
 3 Foreign Relations of the Senate and the Committee on
 4 Foreign Affairs of the House of Representatives a state-
 5 ment of his reasons for doing so."

6 SEC. 7. Title III of the Mutual Security Act of 1954,
 7 as amended, which relates to technical cooperation, is further
 8 amended as follows:

9 (a) In section 304, which relates to authorization,
 10 strike out subsections (a) and (b) and substitute the follow-
 11 ing: "There is hereby authorized to be appropriated to the
 12 President for the fiscal year 1958 not to exceed \$151,900,-
 13 000 to carry out the purposes of this title."

14 (b) Amend section 306, which relates to multilateral
 15 technical cooperation, as follows:

16 (1) Strike out the text of subsection (a) and substitute
 17 the following:

18 "\$15,500,000 for the fiscal year 1958 for contributions
 19 to the United Nations Expanded Program of Technical As-
 20 sistance: Provided, That, notwithstanding the limitation of
 21 33.33 per centum contained in the Mutual Security Appro-
 22 priation Act, 1957, the United States contribution to this
 23 program may constitute for the calendar year 1958 as much
 24 as but not to exceed 45 per centum of the total amount con-
 25 tributed to the program for that period, for the calendar

1 year 1959 as much as but not to exceed 38 per centum of
2 the total amount contributed to the program for that period,
3 and for the calendar year 1960 as much as but not to ex-
4 ceed 33.33 per centum of the total amount contributed to
5 the program for that period.”.

6 (2) Strike out the text of subsection (b) and substitute
7 the following:

8 “\$1,500,000 for the fiscal year 1958 for contributions
9 to the technical cooperation program of the Organization of
10 American States.”.

11 SEC. 8. Title IV of the Mutual Security Act of 1954,
12 as amended, which relates to other programs, is further
13 amended as follows:

14 (a) Insert before section 401 the following new section:

15 “SEC. 400. SPECIAL ASSISTANCE.—(a) There is
16 hereby authorized to be appropriated to the President for
17 the fiscal year 1958 not to exceed \$250,000,000 for use on
18 such terms and conditions as he may specify for assistance
19 designed to maintain or promote political or economic stability
20 or for assistance in accordance with the provisions of this
21 Act applicable to the furnishing of assistance under title I,
22 section 304, section 405, or section 407 of this Act.

1 \$100,000,000 of the funds authorized to be appropriated
2 pursuant to this section for any fiscal year may be used in
3 such year in accordance with the provisions of section 401
4 (a).

5 “(b) For the purpose of promoting economic develop-
6 ment in Latin America there is hereby authorized to be ap-
7 propriated to the President not to exceed \$25,000,000, which
8 shall remain available until expended, and in the utilization
9 of such sum preference shall be given to (A) projects or pro-
10 grams that will clearly contribute to promoting health, educa-
11 tion, and sanitation in the area as a whole or among a
12 group or groups of countries of the area, (B) joint health,
13 education, and sanitation assistance programs undertaken by
14 members of the Organization of American States, and (C)
15 such land resettlement programs as will contribute to the
16 resettlement of foreign and native migrants in the area as a
17 whole, or in any country of the area, for the purpose of
18 advancing economic development and agricultural and in-
19 dustrial productivity: Provided, That assistance under this
20 sentence shall emphasize loans rather than grants wherever
21 possible, and not less than 90 per centum of the funds made
22 available for assistance under this subsection shall be avail-

1 *able only for furnishing assistance on terms of repayment*
2 *in accordance with the provisions of section 505.’’*

3 *(b) Amend section 401, which relates to special fund,*
4 *as follows:*

5 *(1) Strike out the title of this section and substitute*
6 *“PRESIDENT’S SPECIAL AUTHORITY”.*

7 *(2) In subsection (a), strike out “to be appropriated*
8 *under subsection (b) hereof” in the first sentence and sub-*
9 *stitute “for such use by section 400 (a) of this Act”;*
10 *before “, in furtherance of” in the first sentence, insert “or*
11 *any Act appropriating funds pursuant to authorizations con-*
12 *tained in this Act”.*

13 *(3) Strike out subsection (b).*

14 *(4) Redesignate subsection “(c)” as subsection “(b)”.*

15 *(c) In section 402, which relates to earmarking of*
16 *funds, strike out all preceding “shall be used” in the first*
17 *sentence and substitute “Of the funds authorized to be made*
18 *available in the fiscal year 1958 pursuant to this Act (other*
19 *than funds made available pursuant to title II), not less*
20 *than \$200,000,000”.*

21 *(d) Amend section 403, which relates to special assist-*
22 *ance in joint control areas, as follows:*

23 *(1) In subsection (a), strike out the subsection desig-*
24 *nation “(a)”;* and in the second sentence strike out all

1 following "the President" and substitute "for the fiscal year
2 1958 not to exceed \$11,500,000 to carry out this section."

3 (2) Strike out subsection (b).

4 (e) Amend section 405, which relates to migrants,
5 refugees, and escapees, as follows:

6 (1) In subsection (a), strike out the words between
7 "appropriated" and "such amounts"; and strike out the
8 last sentence.

9 (2) In subsection (c), strike out the words between
10 "appropriated" and "for contributions" and substitute "for
11 the fiscal year 1958 not to exceed \$2,233,000".

12 (3) In subsection (d), strike out the words between
13 "President" and "for continuation" and substitute "for the
14 fiscal year 1958 not to exceed \$5,500,000".

15 (f) Amend section 406, which relates to children's
16 welfare, as follows:

17 (1) In subsection (a), strike out the subsection desig-
18 nation "(a)"; and strike out all following "exceed" and
19 substitute "\$11,000,000 for the fiscal year 1958 for con-
20 tributions to the United Nations Children's Fund."

21 (2) Strike out subsection (b).

22 (g) In section 407, which relates to Palestine refugees
23 in the Near East, strike out the first two sentences in sub-
24 section (a) and substitute in lieu thereof the text of the

1 present subsection (b) with the addition of the following sen-
2 tence: "In determining whether or not to continue furnish-
3 ing assistance for Palestine refugees in the Near East, the
4 President shall take into account whether Israel and the
5 Arab host governments are taking steps toward the resettle-
6 ment and repatriation of such refugees."; strike out the sub-
7 section designation "(a)"; and strike out subsection (b).

8 (h) In section 408, which relates to the North Atlantic
9 Treaty Organization, strike out in subsection (a) the words
10 between "appropriated" and "such amounts".

11 (i) Amend section 409, which relates to ocean freight
12 charges, as follows:

13 (1) Strike out the text of subsection (c) and substitute
14 "There is hereby authorized to be appropriated to the Presi-
15 dent for the fiscal year 1958 not to exceed \$2,200,000 to
16 carry out the purposes of this section."

17 (2) In subsection (d), strike out all preceding "to pay"
18 in the first sentence and substitute "In addition, any funds
19 made available under this Act may be used, in amounts de-
20 termined by the President,"; and strike out the second
21 sentence.

22 (j) In section 410, which relates to Control Act ex-
23 penses, strike out the words between "President" and "for
24 carrying out" in the first sentence and substitute "for the
25 fiscal year 1958 not to exceed \$1,000,000".

1 (k) Amend section 411, which relates to administra-
2 tive and other expenses, as follows:

3 (1) In subsection (b), strike out the words between
4 “President” and “for necessary” and substitute “for the fiscal
5 year 1958 not to exceed \$33,000,000”; strike out “and
6 section 124”; and before the period at the end of the sub-
7 section, insert “and functions under the Agricultural Trade
8 Development and Assistance Act of 1954, as amended (7
9 U. S. C. 1691 and the following) performed by any agency
10 or officer administering nonmilitary assistance”.

11 (2) Strike out subsection (c), and redesignate subsec-
12 tions “(d)” and “(e)” as subsections “(c)” and “(d)”,
13 respectively.

14 (l) Repeal section 412, which relates to Chinese and
15 Korean students.

16 (m) Repeal sections 419 and 421, relating, respectively,
17 to World Health Organizaion and Food and Agriculture
18 Organization, which repeals shall not be deemed to affect
19 amendments contained in such sections to Acts other than
20 the Mutual Security Act of 1954, as amended; and add the
21 following new sections:

22 “SEC. 419. ATOMS FOR PEACE.—(a) The President is
23 hereby authorized to furnish from funds made available pur-
24 suant to this section, in addition to other funds available for
25 such purposes, and on such terms and conditions as he may

1 *specify, assistance designed to promote the peaceful uses of*
2 *atomic energy abroad. There is hereby authorized to be*
3 *appropriated to the President for the fiscal year 1958 not to*
4 *exceed \$7,000,000 to carry out the purposes of this section.*

5 “(b) *The United States’ share of the cost of any re-*
6 *search reactor made available to another government under*
7 *this section shall not exceed \$350,000.*

8 “(c) *In carrying out the purposes of this section, the*
9 *appropriate United States departments and agencies shall*
10 *give full and continuous publicity through the press, radio,*
11 *and all other available mediums, so as to inform the peoples*
12 *of the participating countries regarding the assistance, in-*
13 *cluding its purpose, source, and character, furnished by the*
14 *United States. Such portions of any research reactor fur-*
15 *nished under this section as may be appropriately dis-*
16 *stamped or labeled as a product of the United States shall*
17 *be so stamped or labeled.*

18 “SEC. 420. *MALARIA ERADICATION.*—*The Congress of*
19 *the United States, recognizing that the disease of malaria,*
20 *because of its widespread prevalence, debilitating effects,*
21 *and heavy toll in human life, constitutes a major deterrent*
22 *to the efforts of many peoples to develop their economic*
23 *resources and productive capacities and to improve their*
24 *living conditions, and further recognizing that it now ap-*
25 *pears technically feasible to eradicate this disease, declares*

1 *it to be the policy of the United States and the purpose of*
2 *this section to assist other peoples in their efforts to eradi-*
3 *cate malaria. The President is hereby authorized to furnish*
4 *to such nations, organizations, persons or other entities as*
5 *he may determine, and on such terms and conditions as he*
6 *may specify, financial and other assistance to carry out the*
7 *purpose of this section. Not to exceed \$23,300,000 of the*
8 *funds made available pursuant to authorizations contained in*
9 *this Act (other than title I, chapter 1, and title II) may be*
10 *used during the fiscal year 1958 to carry out the purpose*
11 *of this section.”*

12 *SEC. 9. Title V, chapter 1, of the Mutual Security Act*
13 *of 1954, as amended, which relates to general provisions, is*
14 *further amended as follows:*

15 *(a) Amend section 503, which relates to termination*
16 *of assistance, as follows:*

17 *(1) Strike out the subsection designation “(a)”;* and
18 *in the last sentence of subsection (a) strike out “subsection”*
19 *and substitute “section”.*

20 *(2) Strike out subsection (b).*

21 *(b) In section 504 (a), which relates to small business,*
22 *strike out “chapters 2 and” and substitute “chapter”.*

23 *(c) Amend section 505, which relates to loan assistance*
24 *and sales, as follows:*

25 *(1) In subsection (a), strike out “Assistance” in the*

1 first sentence and substitute “Except as otherwise specifically
 2 provided in this Act, assistance”; and after “commodities”
 3 both times it appears in the second sentence, insert “, equip-
 4 ment, materials,”.

5 (2) In subsection (b), strike out the first sentence; and
 6 strike out “shall” both times it appears in the second sen-
 7 tence and substitute “may”.

8 (d) In section 509, which relates to shipping on United
 9 States vessels, strike out the first sentence.

10 (e) In section 511 (c), which relates to retention and
 11 return of equipment, after “materials” the first time it ap-
 12 pears, insert “on a grant basis”; and strike out “(other than
 13 equipment or materials sold under the provisions of section
 14 106)”.

15 (f) In section 513, which relates to notice to legislative
 16 committees, after “Act” the second time it appears in the
 17 first sentence, insert “or Acts appropriating funds pursuant
 18 to authorizations contained in this Act”.

19 SEC. 10. Title V, chapter 2, of the Mutual Security Act
 20 of 1954, as amended, which relates to organization and ad-
 21 ministration, is further amended as follows:

22 (a) In section 521, add the following new subsection:

23 “(c) The President shall continue to exercise the powers
 24 conferred on him under chapter 3 of title I, relating to

1 defense support, only through the Secretary of State and his
2 subordinates.”

3 (b) In section 523, add the following new subsection:

4 “(c) Under the direction of the President, the Secretary
5 of State shall:

6 “(1) coordinate the various forms of assistance
7 authorized by this Act so that the foreign policies of the
8 United States may be best served thereby; and

9 “(2) determine the value of the program under
10 chapter 1 of title I for any country.”

11 (c) In section 524 (b), strike out the second sentence.

12 (d) In section 525, strike out the first sentence.

13 (e) In section 527 (c), which relates to employment of
14 personnel, after “shall be entitled” in paragraph (1), insert
15 “, except to the extent that the President may specify other-
16 wise in cases in which the period of the employment or as-
17 signment exceeds two years,”; and before the period at the
18 end of paragraph (2), insert “: Provided, however, That the
19 President may by regulation make exceptions to the applica-
20 tion of section 528 in cases in which the period of the
21 appointment or assignment exceeds two years”.

22 (f) In section 534, which relates to reports, after
23 “504,”, insert “202, 400,”.

24 (g) In section 535 (b), which relates to cooperation

1 *with nations and international organizations, before “in fur-*
2 *therance of” in the first sentence insert “consistent with*
3 *and”;* and before “nations” where it appears for the first
4 *time in the first sentence insert “free”.*

5 *(h) Amend section 537, which relates to provisions on*
6 *uses of funds, as follows:*

7 *(1) In the opening clause of subsection (a), within*
8 *the parentheses, strike out “and section 124”.*

9 *(2) In subsection (a), paragraph (1), strike out*
10 *“1957” and substitute “1958”.*

11 *(3) Amend the text of subsection (a), paragraph*
12 *(10), to read “rental or lease outside the continental limits*
13 *of the United States of offices, buildings, grounds, and*
14 *living quarters to house personnel; maintenance, furnishings,*
15 *necessary repairs, improvements, and alterations to proper-*
16 *ties owned or rented by the United States Government*
17 *abroad; and costs of fuel, water and utilities for such*
18 *properties;”.*

19 *(4) in subsection (a), paragraph (17), strike out*
20 *“or” proceeding “(iii)”;* and after “another”, insert “, (iv)
21 *when he is temporarily absent from his post under orders,*
22 *or (v) when through no fault of the employee storage costs*
23 *are incurred on such furniture and effects (including auto-*
24 *mobiles) in connection with authorized travel”.*

25 *(5) In subsection (c), strike out “\$12,000,000” and*

1 insert “\$18,000,000”; and strike out “in the fiscal year
2 1957”.

3 (6) Add the following new subsection:

4 “(e) Funds available under this Act may be used to
5 pay costs of training United States citizen personnel em-
6 ployed or assigned pursuant to section 527 (c) (2) of this
7 Act (through interchange or otherwise) at any State or
8 local unit of government, public or private nonprofit in-
9 stitution, trade, labor, agricultural, or scientific association
10 or organization, or commercial firm; and the provisions of
11 Public Law 918, Eighty-fourth Congress, may be used to
12 carry out the foregoing authority notwithstanding that in-
13 terchange of personnel may not be involved or that the train-
14 ing may not take place at the institutions specified in that
15 Act. Such training shall not be considered employment or
16 holding of office under title 5, United States Code, section
17 62, and any payments or contributions in connection there-
18 with may, as deemed appropriate by the head of the United
19 States Government agency authorizing such training, be
20 made by private or public sources and be accepted by any
21 trainee, or may be accepted by and credited to the current
22 applicable appropriation of such agency: Provided, how-
23 ever, That any such payments to an employee in the nature
24 of compensation shall be in lieu of or in reduction of com-

1 *compensation received from the Government of the United*
2 *States.”*

3 *SEC. 11. Title V, chapter 3, of the Mutual Security Act*
4 *of 1954, as amended, which relates to repeal and miscella-*
5 *neous provisions, is further amended as follows:*

6 *(a) In section 543, relating to saving provisions, insert*
7 *the following new subsections:*

8 *“(d) Funds appropriated pursuant to provisions of this*
9 *Act repealed by the Mutual Security Act of 1956 or the*
10 *Mutual Security Act of 1957 shall remain available for their*
11 *original purposes in accordance with the provisions of law*
12 *originally applicable thereto. References in any Act to pro-*
13 *visions of this Act repealed or stricken out by the Mutual*
14 *Security Act of 1957 are hereby stricken out; and references*
15 *in any Act to provisions of this Act redesignated by the*
16 *Mutual Security Act of 1957 are hereby amended to refer*
17 *to the new designations.”*

18 *(b) Amend section 544, which relates to amendments*
19 *to other laws, as follows:*

20 *(1) Repeal subsections (a), (c), (d), (e), (f), (g),*
21 *(h), and (i), which repeals shall not be deemed to affect*
22 *amendments contained in such subsections to Acts other*
23 *than the Mutual Security Act of 1954, as amended; and*
24 *redesignate subsection “(b)” as subsection “(a)”.*

(2) *Add the following new subsections:*

“(b) *Public Law 174, Seventy-ninth Congress, as amended, is hereby further amended by striking out ‘31.5’ in the proviso at the end of section 2 and inserting ‘33.33’.*

“(c) *Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704) is amended by changing the period at the end thereof to a comma and adding: ‘such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;’.*”

(c) *In section 546 (b), relating to construction, strike out “Atomic Energy Act of 1946, as amended (42 U. S. C. 1801)” and substitute “Atomic Energy Act of 1954, as amended (42 U. S. C. 2011)”.*

(d) *Repeal section 547, which relates to reduction of authorizations.*

(e) *In section 549, relating to special provision on availability of funds, strike out “chapter 3 of title I,” and strike out the comma following “title III”.*

85TH CONGRESS
1ST SESSION

S. 2130

[Report No. 417]

A BILL

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

By Mr. GREEN and Mr. WILEY

MAY 22, 1957

Read twice and referred to the Committee on Foreign Relations

JUNE 7, 1957

Reported with an amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 13
For actions of June 12,
85th-1st, N

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HIGHLIGHTS: Senate passed: Independent offices appropriation bill. Labor appropriation bill. Senate debated mutual security authorization bill. S Eastland introduced and discussed bill to provide alternative acreage-adjustment and price-support program for cotton. Sen. Bennett introduced and discussed bill to require cost estimates by BB on proposed projects.

SENATE

1. APPROPRIATIONS. Passed with amendments H.R. 6070, the independent offices appropriation bill for 1958, adopting the committee amendments (pp. 795-796) with additional amendments by Sen. Dirksen, to increase the funds for Civil Service Transportation and Public Utilities Service for their appearances before the Senate Select Committee on Governmental Operations (p. 7958); and by Sen. Johnston, to increase the expense allowance of the Civil Service Commission to allow it to take over certain employee beneficial associations (pp. 7959-62). pp. 7954-68

Passed as reported H.R. 6287, the Labor-HEW appropriation bill for 1958, pp. 7968, 7969-76, 7977-85

Sens. Morse and Pastore corrected some of their statements on the Labor-HEW appropriation bill. pp. 7976-7

2. FOREIGN AID. Began debate on S. 2130, the mutual security authorization bill, pp. 7987-94, 7999-8001

over

The Foreign Relations Committee, in S. Rept. 417, on S. 2130, the mutual security bill, stated in part as follows:

"The bill, which is drawn in terms of amendments to the Mutual Security Act of 1954, makes a number of fundamental changes in that act and adds some further refinements. Its most important provisions are:

"1. Military assistance and defense support are authorized for 2 years instead of 1.

"2. A development loan fund is created to make loans and to engage in financial transactions, other than grants or purchase of equity securities, designed to promote the economic development of less developed countries. Appropriations of \$500 million are authorized for fiscal 1958, and in addition the fund is authorized to borrow from the Treasury \$750 million in each of fiscal years 1959 and 1960. This new lending authority, which will be used to supplement the activities of private enterprise, the Export-Import Bank, and the International Bank for Reconstruction and Development, replaces the former Mutual Security Act provisions for development assistance.

"3. The bill provides a sliding scale for reducing the percentage of United States contributions to the United Nations technical assistance program. According to this scale, United States contributions which this year amount to approximately 49 percent, will be reduced to 45 percent in 1958, to 38 percent in 1959, and to 33.33 percent in 1960. Within the 45 percent limitation, an appropriation of \$15.5 million is authorized for 1958. The bill also authorizes \$151.9 million for the United States bilateral technical assistance program and \$1.5 million for contribution to the technical assistance program of the Organization of American States.

"4. Special assistance in the amount of \$250 million is authorized to supplement program funds to meet unforeseen changes or to meet special or unforeseen situations. Of this amount, \$100 million may be used, as in past years, in the President's discretion without regard to the other requirements of the act when the President determines such use to be important to the security of the United States. The remainder, or \$150 million, is designed to meet situations which could not otherwise be met under the more stringent terms written into the bill this year in regard to defense support and development loans. In addition, \$25 million, of which 90 percent must be in loans, is separately authorized for economic development in Latin America.

"5. Provision is also made for an additional contribution of \$220 million to NATO infrastructure, for continuing assistance to West Berlin, for assistance to various classes of migrants, refugees, and escapees, for contributions to the United Nations Children's Fund, to Arab refugees from Palestine, to the civilian activities of the North Atlantic Treaty Organization, for the atoms for peace program, and for payment of ocean freight charges on private relief shipments.

"6. A program of malaria eradication is specifically authorized for the first time, to be financed mainly out of technical cooperation and special assistance funds.

"7. The limitation of 31.5 percent on United States contributions to the U. N. Food and Agriculture Organization is increased to 33.33 percent."

"Section 402 of the Mutual Security Act of 1954, as amended, required the use in fiscal year 1956 of not to exceed \$300 million and in fiscal year 1957 of not to exceed \$250 million of funds made available under the act to finance the export and sale for foreign currencies of surplus agricultural products. Section 8 (c) of S. 2130 requires the use of not to exceed \$200 million for that purpose in fiscal 1958.

"In the event surplus agricultural commodity exports are financed through the Development Loan Fund they may not be counted toward this total of \$200 million.

"The section 402 program is additional and supplementary to the program under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and is financed not by funds specifically appropriated for that purpose but by funds appropriated under other sections of the Mutual Security Act.

"The total requirement is reduced this year because financing under the development loan fund is excepted and because there is considerably less money available with which to meet the requirement.

"The surplus agricultural commodities program is of concern to the committee not merely because of the need to dispose of these products but also, and increasingly, because of the use to be made of the proceeds from this disposal.

"The accumulated and anticipated receipts from Public Law 480 and section 402 sales are substantial. As of March 31, 1957, receipts and anticipated receipts under past programs totaled \$2.6 billion--almost the sum appropriated for mutual security for fiscal year 1956. Moreover, the estimated collections on principal and interest are: For the decade 1961-70, \$820 million; for 1970-80, \$964 million; and for 1981-90, \$1,082 million. These statistics are cited by the committee to underline its concern over the vast accumulation and investment of local currencies by the United States Government. This is a problem which requires more attention than it has so far received. Both section 402 and Public Law 480 specify purposes for which foreign currencies may be used. These purposes, which in the case of section 402 are the purposes of the Mutual Security Act, are sound and useful. But the committee believes that they could be even more useful if pursued with more vigor and imagination. A further problem which should be anticipated consists of the political implications of the accumulation by the United States of vast quantities of the currency of another country."

"Section 3 (i) authorizes an appropriation of \$2.2 million for fiscal year 1958 for the payment of ocean freight charges on relief shipments by voluntary agencies. This amount is expected to move goods valued at almost \$29 million.

"The authority of the President to use mutual security funds to pay ocean freight on surplus agricultural commodities, in amounts to be determined by him, is left unchanged by the technical changes in this section."

"One other change made by section 3(k) is to provide for the payment from ICA administrative expenses of the costs incident to carrying out functions under the Agricultural Trade Development and Assistance Act of 1954 performed by any agency or officer administering nonmilitary assistance. The act had previously provided that of title II funds, not exceeding \$1.5 million could be used for administrative expenses of the Agricultural Trade Development and Assistance Act of 1954. Payment for such expenses will now be made from the general fund for administrative expenses."

"The Mutual Security Act of 1956 contained a provision increasing the ceiling on authorized United States contributions to the Food and Agriculture Organization from \$2 million to \$3 million a year subject to a proviso that the percentage contribution of the United States could not exceed 31.5 percent of the total annual budget of the Organization. The executive branch proposed this year striking out this proviso. The committee instead recommends a ceiling of 33.33 percent on United States contribution, thereby bringing it into line with the ceiling on United States contributions to the United Nations. The scale of contributions recommended by the FAO Conference in November 1955 contemplates that the United States contribution will be 33.33 percent beginning in 1958.

"In view of the worthwhile activities of FAO, the committee believes that this figure is justified, at least for 1958.

"The Congress last year added through the Mutual Security Act of 1956 an addition to section 104 (h) to the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), which called for special efforts to use Public Law 480 sales proceeds for international educational exchange activities. The results, since this change in the law, have been disappointing. Less than two-tenths of 1 percent of all foreign currencies accruing as a result of Public Law 480 sales have been used for the purpose of that section.

"The committee has therefore added in section 11 (b) of the proposed Mutual Security Act of 1957 a provision which would add further language to section 104 (h) of Public Law 480 giving the Secretary of State authority to set aside such amounts from Public Law 480 sales proceeds and loan repayments, not in excess of \$1 million a year in any one country for a period of not more than 5 years in advance, as he may determine to be needed for international educational exchange activities. The figure of \$1 million a year is within the limit set by the basic legislation on educational exchange activities. The 5-year period is necessary for adequate planning of this long-range program."

Sen. Morse submitted his minority views of S. 2130, the mutual security bill, together with the supplemental views of Sen. Long, after discussion with Sens. Knowland, Russell, and Long. p. 7969

The Rules and Administration Committee ordered reported S. Res. 141, extending until Jan. 31, 1958, the authority of the Special Committee to Study the Foreign Aid Program. p. D521

3. TRANSPORTATION. Passed as reported S. 939, to amend the Interstate Commerce Act so as to limit the granting of reduced rates to times of war or emergency but making such rates conclusive presumption of legality. pp. 7996-7

The Interstate and Foreign Commerce Committee ordered reported S. 1461, to restrict the suspension of motor carrier certificates to those guilty of willful violations. p. D521

4. WATER RESOURCES. The Rules and Administration Committee ordered reported S. Con. Res. 23, to print a compilation of materials relating to the development of the water resources of the Columbia River basin. p. D521

5. AREA DEVELOPMENT. Sen. Russell asked that the Record be corrected to show that he said "the rural development program which could prove to be of great significance." p. 7941

6. ATOMIC ENERGY. Sen. Pastore inserted an agreement with Iraq and accompanying correspondence, providing for atomic energy research and the lease of uranium. pp. 7951-3

7. LEGISLATIVE PROGRAM. Sen. Johnson stated that he had set aside Wed. thru Sat. for consideration of the mutual security bill. He listed a calendar of bills cleared by the minority and stated his hope to bring up by motion all bills on the calendar, this week. Among the bills were S. Con. Res. 20, authorizing FTC to investigate practices in the newsprint industry; S. 1164, to provide for the evaluation of recreational benefits in all water resource projects; S. 2051, to amend the Atomic Energy Act; S. 60, authorizing construction of the Fryingpan-Arkansas project; and S. 943, to require contract carriers of motor vehicles to file with the ICC their actual rates. He also stated that S. 555, to authorize construction of a high dam at Hells Canyon, would be brought up in the near future. pp. 7963-9

THE MUTUAL SECURITY ACT OF 1957

JUNE 12, 1957.—Ordered to be printed

Mr. MORSE, from the Committee on Foreign Relations, submitted the following

MINORITY VIEWS

Together with

SUPPLEMENTARY VIEWS OF MR. LONG

[To accompany S. 2130]

1. INTRODUCTORY

The Committee on Foreign Relations has reported S. 2130 favorably to the Senate. I voted against this bill in committee and submit herewith, for the consideration of the Senate, the reasons for my opposition.

Let me make clear at the outset that I yield to no member of the committee in my support of the concept of mutual assistance among nations. I am not unaware that in the kind of world in which we live our own safety as a nation is closely linked with the safety of other nations. I am not deaf to the sound of jet bombers and missiles overhead, and their implications for our international relations. Nor am I blind to the dangers to freedom implicit in the expanding power of totalitarian communism. I realize fully that the world changes into an ever-closer unit under the compulsion of technology. I know that these changes have required unusual measures of assistance to other nations and new ties with other nations and I have supported such measures and ties many times in the past. I shall support them again in the future. I shall support them, however, only when it is clear to me that such measures are essential to the national interest and the welfare of the people of the United States. I shall support them only when they do not do violence to the spirit of the Constitution. I shall support them only when they are designed and pursued in accordance with the due processes of our system of government.

When one of these measures or ties contributes, however, to a rising tide of anti-Americanism throughout the world—as foreign aid has contributed in recent years—I believe the time has come to pause

and take stock. When foreign aid degenerates into a ritual of annual appropriations of vast sums of the taxpayers' money without clear and adequate understanding or concern as to reasons for the expenditures, it is time to ask, What for? When billions of dollars are used to arm and support nations which have little sympathy with freedom, it is time to look very closely at the course on which we are embarked. When military and political aid goes to Communist or other totalitarian countries of one stripe or another on the theory that we are building alliances in defense of freedom, it is time to ask ourselves what kind of alliances? On what side will these allies be if the bombs begin to fall?

When the Congress goes on year after year delegating ever-increasing authority over vast sums of money to the executive branch, it is time to ask what is happening to constitutional processes. What is happening to the authority of Congress over the Nation's purse strings?

These questions have troubled many Members of the Senate. Read through the debates of the past 2 or 3 years on foreign aid. In page after page the doubts are recited. The amount is too high. Aid in too many instances is making enemies, not friends of their people. Congress is recklessly abdicating its powers to the executive branch. Millions of dollars are being wasted on arms and other aid which may someday be turned against us, as it was in the Chinese Communist aggression in Korea.

All these doubts and others are what has been troubling Congress in approving foreign aid in recent years. It is no wonder that from year to year the votes against this policy have been increasing in both Houses of Congress.

What has been done to remedy this situation? Last year, in an effort to resolve the doubts, the Senate created a Special Committee To Study the Foreign Aid Program. That committee was composed of all the members of the Foreign Relations Committee—including the same members who have voted to report S. 2130 favorably to the Senate—and in addition the chairmen and ranking minority members of the Committee on Appropriations and the Committee on Armed Services.

The special subcommittee spent almost a year in intensive study of every aspect of foreign aid. In the end, it brought in a unanimous report. Its report set forth in detail, the weaknesses, the fallacies, and the dangers which had accumulated in the aid program. It recommended that the aid program be continued if these weaknesses, fallacies, and dangers were eliminated and it outlined a series of recommendations to bring about the necessary changes. Its findings were realistic and its recommendations were constructive.

The administration paid lipservice to the work of the special committee. The administration acknowledged the need for most of the changes which the special committee declared were imperative for the continued usefulness of the aid program. Then the administration proceeded to perpetrate a gigantic hoax on the Senate and the people of the United States. The legislation which it asked the Congress to approve gave the appearance of reform of the aid program in line with the special committee's recommendations. In actuality, however, it perpetuated to a large extent the same kind of bureaucratic structure, the same kind of senseless waste of millions

of dollars of taxpayers' money in futile and costly activities throughout the world. And, it sought to remove even more of the few remaining restraints and controls which Congress still exercises over this program.

The Committee on Foreign Relations made some improvements in the measure as it was drafted by the executive branch. They are, in my opinion, only superficial improvements. They do not deal with the real problems inherent in this legislation. They do not stop the senseless waste of public funds on dangerous programs. They do not direct the preponderance of this aid into constructive relationships with the peoples of other lands. They do not put an end to the erosion of congressional controls over the aid program.

S. 2130 was a bad bill when it was introduced in the Senate. It is still a bad bill as it comes from the Committee on Foreign Relations. The committee, in its treatment of this legislation, has accommodated the administration but it has done so by ignoring in large measure the key recommendations of the Senate's own Special Committee To Study the Foreign Aid Program.

2. SIZE OF AUTHORIZATION

In the President's budget for fiscal year 1958 the sum of \$4.4 billion was projected for foreign aid. After a wave of protest had spread through the United States and the Congress at the size of this figure, the President announced a reduction of \$500 million in the military aid aspects of foreign aid. The contention was made before the committee that this was a genuine reduction in foreign aid. No administration witness, however, provided convincing testimony that this was actually the case. The evidence suggested on the contrary that the administration had merely asked for \$500 million too much for military aid in fiscal year 1957, which it could not spend in that year. If it were permitted to carry over that amount, it then could do with a budgetary estimate of \$500 million less in fiscal year 1958.

The administration did ask for the carryover authority, and S. 2130 grants that authority. The \$500 million "saving" is a bookkeeping transaction made possible by extravagant budgetary estimates in fiscal year 1957. It is not a reduction in military aid.

The committee did make a real cut in the total request for foreign aid. It reduced the measure overall by about \$227 million. I do not wish to belittle that achievement, but I must question its adequacy. It is but a spit in the ocean of foreign-aid waste.

3. MILITARY AID

The largest grant of foreign aid (as distinct from loans) is contained in title I of S. 2130. This title authorizes \$1.8 billion for military aid, a figure which represents only a \$100 million reduction in the President's request. To obtain the true picture of what is really available for military aid, however, it is necessary to add the \$500 million carryover of military aid from fiscal year 1957 to this figure. What this bill now does is to permit the President to spend \$2.3 billion, not \$1.8 billion for military aid in fiscal year 1958. It goes further, moreover, and authorizes an additional \$1.5 billion for military aid in fiscal year 1959.

How are these funds to be spent? They are to be spent to supply arms and ammunition to nations from one end of the globe to another. They will be used to build up the armed forces of both democratic nations and totalitarian nations, advanced nations and primitive nations, friendly nations and those that are not so friendly—and all in the name of the defense of freedom.

Will the people of the United States know to what nations and in what amounts this military aid is being supplied? They will not know because this information is concealed under the official stamp of "secret."

I have lodged a protest in the committee against this practice and I lodge another in this report. The committee has heard, in my opinion, no convincing reason for these figures to be hidden under the imprimatur of secrecy. They are fairly well known in foreign countries. They are often discussed as common knowledge in foreign countries. Yet Congress is enjoined from having them in public. The people whom Members of Congress represent cannot even know what their Representatives are voting for.

It is my opinion that if the American people knew the details about the expenditure of their tax dollars by this administration in foreign aid, their protests would be so vehement and demanding that the Congress would be forced by political repercussions to revise drastically the foreign aid program. I am convinced that if the American people knew the facts that are now kept from them by the use of the label of political expediency called top secret, they would demand a cutback in foreign aid expenditures and a revision of foreign aid policies.

So long as I feel that the foreign aid program is not being administered in keeping with a basic safeguard of democratic procedure, namely, full disclosure to the public of governmental facts, I shall continue to oppose the policies of government by secrecy which this administration follows to far too great an extent.

One reason for my dissent from the recommendations of the majority of the Foreign Relations Committee members is my belief that the committee should insist on a greater degree of public disclosure of the facts concerning the places where the money is to be spent and the purposes for which it is to be spent. The money we are dealing with in this bill does not belong to the Congress of the United States; it does not belong to the President of the United States; it belongs to the people of the United States, and they are entitled to know what is being done with it.

If we are to keep this country free and avoid a trend to government by men instead of strengthening government by law, Congress must not abdicate its constitutional duty to exercise checks upon the executive branch of Government. The majority of the committee cannot cover up with language the fact that in essence it is recommending an increased delegation of arbitrary discretionary power to the executive branch of Government, and in particular to the President of the United States. This delegation of power goes far beyond the delegation of administrative duties necessary to carry out congressional policy. The delegation of power to the Executive inherent in the position taken by the majority of the committee is a delegation of legislative policymaking power to the President of the United States over foreign economic and military aid. It is a dangerous principle. It endangers our historic concepts of constitutional checks and bal-

ances. It endangers the legislative process because it amounts in part to authorizing the executive branch—under the guise of carrying out administrative functions—to in fact make legislative policy decisions.

The proposal of the majority to require the President to file reports with the Congress advising the Congress as to what action he has taken or in some instances what action he proposes to take in carrying out the foreign aid program is not an effective check upon rule by the Executive. It is at best a proposal to lock the stable door after the horse has been stolen.

The Presidential report filing procedure involves a serious weakening of an historic policy precious to the rights of free men and women that under our Constitution legislative decisions are for the Congress, and the administration and execution of legislative policies in conformity with the spirit and intent of Congress are for the executive.

For too many years now, in our country, under both Democratic and Republican administrations, there has been an eroding away of legislative responsibility clearly vested in the Congress by our constitutional fathers. It must stop if we are to preserve the position of Congress in our constitutional system of government. We should start with this foreign aid bill by modifying those parts of it that seek to expand arbitrary and discretionary power of the executive branch of the Government in the determination of foreign aid policies.

The testimony before the committee gives no evidence of any over-riding security reason for secrecy on how much money is given to each country for military aid. It may be a convenience for the executive branch not to have to tell the people of the United States how many millions of their hard-earned dollars are going to Yugoslavia, to Spain, to Pakistan, to Formosa, to Japan. It may be a convenience to that branch but it is an inexcusable affront to the democracy of the United States.

4. DEFENSE SUPPORT

The second largest item of gifts included in the bill is \$800 million for defense support for fiscal year 1958. Again, this represents a genuine committee reduction of \$100 million from the President's request. But again, the committee has gone further, at the request of the executive branch, and has already authorized an additional \$710 million for defense support in fiscal year 1959.

Defense support, as the executive branch emphasizes, is made necessary only because of the military aid we give to other countries. Those countries cannot support the armed forces that our military aid makes possible so we are compelled therefore to give them economic aid to sustain the burden of these forces. Thus, the vicious cycle is complete. The taxpayers' funds are poured out for military aid. Then hundreds of millions more are added for defense support so that military aid can be continued. Thousands of officers of the armed services go overseas at high pay and privilege to administer the military aid. Then hundreds of civilians go over at high pay and privilege to administer the defense support that makes the military aid possible. All the while, most of the peoples of the recipient countries just manage to keep their heads above water while a few manage to get rich on the parade of American military and civilian officials and the streams of dollars pouring into these countries, all at

the expense of the American taxpayers. Necessary reforms are put off. Recipient governments are under no pressure to be responsible to their peoples since American aid can always be counted on to rescue them. They are under pressure to keep their armies big so American dollars will keep on coming. This is, to say the least, a fantastic formula for futility.

Is it any wonder that the tempo of opposition to foreign aid quickens among the people of the United States? Is it any wonder that the tide of anti-Americanism rises throughout the world? Is it any wonder that riots against the United States break out in Formosa, one of the chief recipients of aid?

Yet, when the Senator from Montana [Mr. Mansfield] proposed in committee that military aid and defense support, together, be reduced a total of \$800 million, in an effort to curb this strange and costly procedure, his proposal was rejected by the Committee on Foreign Relations. The committee majority contented itself with a mere reduction of \$100 million for each type of aid.

In doing so, they accommodated the executive branch but they did not give adequate attention to the observations of the special committee. The report of that committee had raised the whole issue of how well military aid and supporting aid were integrated into our strategic concepts of national defense and our foreign policy generally.

Many of the special committee's observers had raised questions as to the level of armaments being fostered in some countries. They had also pointed out that in some cases the types of arms were ill-suited, too complex and too costly for these countries. They had indicated the dangers of military aid promoting a competition among recipients for ever-increasing amounts of arms from the United States and ever-increasing amounts of defense support aid in order to maintain those arms. Finally, the special committee report and the hearings before the Foreign Relations Committee on this bill leave no doubt that unrealistic exchange rates are adding tens of millions of dollars annually to the cost of defense support to the people of the United States while enriching a few speculators and importers in the recipient countries.

This country needs allies and, in some cases, extraordinary military and support aid may be necessary to assist them in resisting dangerous totalitarian pressures from within and without. That was true when NATO was organized. This country does not need and should not seek, however, perpetual dependents anywhere in the world. If our aid tends to produce a continuing and increasingly expensive dependency in any country, then it does violence both to our best interests and to the best interests of the peoples in the recipient countries. Aid in this pattern may help to prop up an irresponsible government which professes friendship for this country and flatters the administrators of this program. Sooner or later, however, the people of this country will pay a terrible price for this unmitigated folly.

5. CONTINUING AUTHORIZATIONS

As already noted, this bill authorizes not only excessive appropriations for fiscal year 1958, but it goes beyond that and authorizes large sums for fiscal year 1959. What this means is that next year military aid and defense support will not be reviewed by the Foreign Relations

Committee and the Armed Services Committee. The amounts which may be requested in fiscal 1959 shall be reviewed only by the Appropriations Committee.

With all due respect to the able members of the latter committee, they cannot and ought not to be expected to review the strategic and foreign policy implications inherent in these aid programs. That is a responsibility which falls to the members of the Armed Services Committee and the Foreign Relations Committee who have specialized in these matters.

To grant a 2-year authorization for these programs, as S. 2130 does, amounts to an abdication of responsibility by the Committee on Foreign Relations. Again, it has taken place in order to accommodate the wishes of the executive branch. Again, it has been done by ignoring the unanimous recommendations of the Senate's own Special Committee To Study the Foreign Aid Program.

That committee had this to say of military aid:

Congress should continue to authorize appropriations annually, pending a clear determination of the role of military aid in the total strategy of national defense.

And of defense support, the special committee had this to say:

The committee believes that any changes in legislation which would deny to the Senate an annual review of supporting aid would raise dangers of failures to adjust this aid to changing circumstances. It would raise dangers of an undue expansion of supporting aid programs and unnecessary and excessive demands on the resources of this country.

That is a wise recommendation and it is in accord with existing practices. Until now, the tendency of the executive branch to engage in useless and ever-increasing and costly military and related aid activities abroad has been held in check to some extent by the need to justify their programs each year before the Committee on Foreign Relations. That restraint is now removed. For 2 years, that branch can do what it pleases, when it pleases and where it pleases. They need only to come back and ask the Appropriations Committee for more money in fiscal 1959. Will the Appropriations Committee at that time see fit to deny what the Foreign Relations Committee has already authorized?

6. DEVELOPMENT LOAN FUND

This bill represents an improvement in one respect over past legislation of this kind. It makes an effort in title II to bring together all assistance for the economic development of other countries into a single "development loan fund" and to place this aid on a self-liquidating basis. It provides \$500 million for fiscal year 1958 for repayable loans to get this fund started. In theory, this change is sound and it is in accord with the recommendations of the special committee.

At this time, however, no one knows how the new fund will work. No one knows how the fund will affect other foreign lending activities of this Government. The Export-Import Bank, for example, has several billion dollars outstanding in sound loans to countries all over the world. Will this fund jeopardize or supplement the activity

of the Export-Import Bank? How will it affect the International Bank? How will it affect private investment overseas?

Further, no one knows whether all development aid under S. 2130 will in fact be channeled through the fund on a repayable basis as it is clearly the intention of the committee that it should be. Will development aid still go out on a grant basis, camouflaged under defense support or some other title of this bill?

These are highly pertinent questions. Yet, the Committee on Foreign Relations did not receive full and complete answers to them. The committee did write in a desirable safeguard in the form of an Advisory Loan Committee but that, in itself, is not sufficient to assure that the fund will be run in a sound fashion.

There is no question that a need existed to get this fund started promptly, and obviously all doubts could not be resolved at this time, if that were to be done. If the committee had been content to provide \$500 million to get the fund underway in fiscal 1958, it would have been possible for Congress to consider the implications of the fund in detail during the next few months and then write intelligent permanent legislation for it.

That, however, is not what the Committee on Foreign Relations has done. By approving this bill, it does indeed authorize \$500 million to begin operations of the fund during fiscal 1958. But again, to accommodate the administration, it goes beyond that. It authorizes the operators of this fund to borrow from the Treasury of the United States \$750 million in fiscal year 1959 and another \$750 million in fiscal year 1960. It empowers the operators to borrow this \$1.5 billion additional *without further authority or action on the part of the Congress*. In effect then, this legislation places not a \$500 million fund but a \$2 billion fund at the disposal of the executive branch and Congress will have nothing more to say in the matter unless it raises specific objections. The Senate is being asked to grant this authority, not after the careful consideration and the passage of the protective legislation which went into the creation of the Export-Import Bank or a Reconstruction Finance Corporation or a Home Owners Loan Corporation. It is asked to do so in haste, in a title of an omnibus bill designed for a multiplicity of purposes.

To accommodate the executive branch in this matter, the majority of the Committee on Foreign Relations ignored the advice of the Senate's own special committee. The special committee had endorsed the desirability of a revolving fund but it had this to say about its organization:

This fund is too important to be set up in haste. Interim measures may be necessary, but the fund should not be established in permanent form until its implications have been fully examined by the executive branch and the appropriate committees of Congress.

I agree fully with that recommendation. I think that it would have been met if this legislation had provided for only \$500 million to get the fund started in 1958 while a full study was made of the idea and legislation with adequate safeguards to deal with this highly complex and technical operation was prepared in the appropriate committees. I cannot endorse the blanket authority to lend or otherwise advance \$2 billion of the taxpayers' funds to other nations, the authority which Congress will in fact delegate to the administration under this act.

7. SPECIAL ASSISTANCE

There is one other major title of this bill to which I take objection. Title IV provides for what is called special assistance. Part of this aid is earmarked for a variety of worthy purposes. Part is for more dubious purposes such as the continued subsidies of tyrannical governments in the Middle East. And part of this aid is not earmarked at all. A total of \$100 million is made available to be used at the discretion of the President. He can use it for humanitarian purposes, for military purposes, for political purposes, or for whatever else may suggest itself. There is no significant limitation on this discretionary power, and little accountability as to how it is exercised.

My objections to this title are two and they are simple. I object to the erosion of congressional authority over the expenditure of public funds which the discretionary power implies. I object to the size of the expenditures which are allowed for this purpose. Not only does title IV place \$100 million at the complete disposal of the President. It also permits him to transfer an additional \$150 million from other parts of the bill to be used also at his discretion.

The Committee on Foreign Relations reduced the authorization under title IV from \$300 million to \$250 million. That was, in my opinion, a meritorious action. It simply does not, however, go far enough. It is conceivable that some discretion may be necessary for the President to meet emergency situations abroad. There is nothing to suggest the amount made available for this purpose ought to be as large as is still provided for in this legislation.

CONCLUDING COMMENTS

Two of my colleagues, Senator Langer and Senator Long, joined with me in voting against S. 2130 in committee. I have not invited them to join with me in this minority report, because I feel so deeply about what I consider to be a serious weakening of the legislative functions of Congress as symbolized by this bill as it came out of committee, that I decided to present this minority report as my individual views. Senator Long has added his views to the end of this report. I wish to make clear, however, that I join with Senator Langer and Senator Long in their major objection to the bill on the ground that hundreds of millions of dollars of taxpayers' money could be saved by reductions in many of the items in the bill. I am convinced that many savings can be made without weakening our defenses in the slightest degree. In fact, it is my judgment that reductions in the bill would strengthen, rather than weaken, the security of my country. I am unable to see how waste of the taxpayers' money strengthens the defenses of America. In the last analysis, a strong economy is essential to a strong defense.

Furthermore, it needs to be stressed that powerful political forces in our country have succeeded in convincing many Americans that our military budget is an untouchable sacred cow. Whenever a Member of Congress suggests that the Military Establishment is in need of a thorough revision, he must expect to be attacked and criticized on the basis of the false charge that he advocates a weakening of our defenses and a risking of our national security.

Such charges are nonsense, and the people need to be awakened to that fact quickly. There is no place in America for a military junta.

We must not countenance in America any weakening of the historic principle that military affairs must always be subjected to the strictest civilian inspection, control, and policymaking. The time has come to put the military budget on the legislative operating table and remove some of the cancerous growths from our body politic.

The nuclear age is upon us. The military tactics and strategies of World War II and the Korean war, including both combat and the general defense of the Nation, are now obsolete. Yet we continue to pour hundreds of millions of dollars into a military establishment of our own and of foreign nations which are being spent on obsolete programs. We waste manpower, and spend hundreds of millions of dollars of the taxpayers' money in the wasting of that manpower.

One of our allies, Great Britain, appears to be far ahead of us in the recognition of the need for a thorough revision of its military program, with resulting reductions in its cost. It is interesting to note that some of the American officials, in attempting to alibi our failure to reorganize our own defense program as Great Britain is doing, charge that Britain is bringing about great economy in her defense because she is planning to rely upon American defenses for her security. An adequate reply to that false charge is to say "Tell it to the British." I am satisfied that her defense program will not be based upon a national policy of becoming a defense satellite of the United States.

What is happening in fact is that Britain's leaders know that the nuclear age calls for a reorganized defense program. As long as the Congress of the United States continues to appropriate the billions of dollars it is now appropriating to our own and to foreign military establishments with as little control over the actual expenditure of the funds by the military and over determination of the policies upon which the expenditures are based as now exists, we will continue to waste billions of dollars.

This year is the time to call a halt in this waste. This foreign military aid bill is the place to start. It is my hope that the full Senate will adopt amendments reducing substantially the military authorizations called for in this bill.

S. 2130 brings to a head an issue which deeply disturbs many people of my State and many people throughout the entire United States. The issue is whether the Senate is going to go on year after year with a program that has already involved \$60 billions in expenditures in a decade and which in recent years has brought the Nation only increasing harvests of ill will abroad. Or is the Senate going to make the kind of thoroughgoing revision of this program that it must have if it is to serve the interests of the people of the United States, the ordinary people of other countries and the peace of the world?

The Senate established the Special Committee To Study the Foreign Aid Program. The report of that committee pointed the way to the kind of revision that is needed.

If the recommendations of the special committee are followed more closely this bill can be revised so as to remake the foreign aid program into an undertaking worthy of the support of the Senate of the United States. The cant and subterfuge which the executive branch has introduced into this legislation can be eliminated. The erosion of congressional powers can be stopped. Hundred of millions of dollars of the taxpayers' funds can be saved. I submit that this kind

of revision has not been made by the majority of the Committee on Foreign Relations. And until it is made this bill is a hoax. It does not fully meet the needs of the citizens of the State of Oregon or any State. It does not warrant the approval of the Senate of the United States.

WAYNE MORSE,
Senator from Oregon.

SUPPLEMENTARY VIEWS OF SENATOR LONG

While I agree, in the main, with the views of Senator Morse on the foreign aid bill, I do not subscribe to his view regarding the special assistance funds entrusted to the discretion of the President.

The bill reported to the Senate represents little more than an educated guess as to the amount that should be necessary for foreign aid purposes.

It is significant that the committee recommends \$300 million less for military aid in fiscal 1959 than in fiscal 1958. It recommends \$90 million less defense support in fiscal 1959 than in fiscal 1958. No evidence was presented for the second year, therefore, the two guesses had to be calculated based on a single year's presentation. When the committee recommends that the administration should trim its foreign aid sails by approximately 20 percent next year, the question arises—why not now?

Those voting for the full amount of foreign aid are too willing to tolerate widespread waste and inefficiency beyond anything ever experienced in this country as a necessary evil in a program which is meritorious in general. I disagree. In some instances, a single unwise and inexcusable bureaucratic decision in Washington is costing this Nation as much as \$100 million each year.

Knowing of the enormous waste and bureaucratic blundering in the administration of the foreign aid program, Congress, in granting practically the full amount of the foreign aid request, would be tacitly approving extravagance. The only way to squeeze out the waste and force the administration to make better use of the funds available is to reduce the amount of funds approved.

Americans are being misled when they are told that foreign aid is a substitute for a considerable part of our own defense budget. Of the 68 countries receiving foreign aid assistance from this Nation, it is a mistake to conclude that more than a few would dare participate in a war between two great atomic powers.

Foreign aid expenditures can implement our foreign policy, and assist friendly nations to maintain their internal stability. Foreign aid expenditures can strengthen anti-Communist powers and thereby lessen the likelihood that those powers will be attacked.

Yet foreign aid expenditures have not and cannot assure us that war will not be waged upon the United States or that we may not be compelled to fight without substantial help from our erstwhile friends. We need look back no further than the Korean war to satisfy ourselves of that conclusion.

Meanwhile, spreading our resources among 68 other powers has liabilities as well as assets. We should not forget that the more we reduce our own strength and resources, the less we will have available for the direct control of this Nation in its defense and its growth.

RUSSELL B. LONG.

passed within a few hours, to be followed by general discussion on the mutual security authorization bill but without votes on that bill today. Minority views are to be filed tonight, and I do not wish to have action on the bill until copies of the minority views are available to Senators.

Mr. POTTER. Will there be a vote on the mutual security bill tomorrow?

Mr. JOHNSON of Texas. I do not know when there will be a vote on it. There will be general discussion this afternoon. Probably several amendments will be offered. Just when a vote will be reached, I am unable to tell this far in advance. I have set aside Wednesday, Thursday, Friday, and Saturday for consideration of that bill. I hope we shall be able to dispose of it by late Saturday.

Mr. MORSE. Mr. President, according to the announcement of the majority leader, he hopes to take up the mutual security bill today. I have no objection to taking up the mutual security bill today based upon any parliamentary point, because of any pending minority views. The Record is clear that I have until 5 o'clock this evening to file minority views. I finished dictating them 30 minutes ago, and they will be on the desks of Senators tomorrow.

My understanding is that during the course of the discussion today the majority will begin the presentation of their point of view on the mutual security authorization bill, but that no votes will be taken upon any amendment to it. The minority views are based upon a proposal involving the submission of an entire series of amendments which would save the taxpayers hundreds of millions of dollars which, in the opinion of the minority, are now being inexcusably wasted.

PRINTING OF INDIVIDUAL VIEWS OF SENATOR MORSE ON MUTUAL SECURITY AUTHORIZATION BILL

Mr. MORSE subsequently said: Mr. President, I have been advised by the Parliamentarian that it is necessary for me to ask unanimous consent to file my minority views on the mutual security bill by 5 o'clock this afternoon. The record is as follows:

There was a colloquy the other day, when we announced from the Committee on Foreign Relations that the bill had been favorably reported by the committee, and that the minority views would be filed by 5 o'clock today. Apparently at that time a request should have been made for permission to file them by 5 o'clock today. I now ask unanimous consent that I may be authorized to file my minority views and the supplementary views of the Senator from Louisiana [Mr. Long] by 5 o'clock this afternoon, with the understanding that they will be printed overnight and placed on Senators' desks tomorrow morning.

Mr. KNOWLAND. The Senator has stated the situation correctly. It was certainly understood in the Committee on Foreign Relations that the distinguished senior Senator from Oregon would have an opportunity to file his views by 5 o'clock today. The legislative

history is clear on that point. If a technicality was not complied with, the Senator certainly should be entitled to have the permission to comply with it.

Mr. MORSE. I wish to say that the distinguished minority leader has once more demonstrated the many courtesies he has extended to me in the 13 years I have been a Member of the Senate. I appreciate his attitude very much.

Mr. LONG. Mr. President, I have not had an opportunity to read the views prepared by the Senator from Oregon. I thought that perhaps I should like to associate myself with the statements in the Senator's minority views. However, the Senator from Oregon believes, since he feels so strongly on this matter, the views should be personal to him.

Mr. MORSE. I thank the Senator from Louisiana for his comment. He will see my statement before it is filed, as will the Senator from North Dakota [Mr. LANGER]. However, because of the position I took in committee with respect to certain legal aspects in connection with the matter under discussion, I would not wish to ask my colleagues to associate themselves with my point of view, but, rather, speak only for myself. I state in my minority views that I share the views of the Senator from Louisiana [Mr. Long] and the Senator from North Dakota [Mr. LANGER], that the bill should be drastically cut in many particulars. The Senator from Louisiana will have an opportunity to read my views, although my position in the committee was somewhat different from the position the Senator from Louisiana took in respect to some of the reasons for dissenting. I do not think it would be fair to the Senator to ask him to join in my minority views. I have taken it for granted that the Senator from Louisiana, by his expression of his own personal minority views, will make his position very clear on this issue.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. RUSSELL. I am not a member of the Committee on Foreign Relations, but I shall read the Senator's statement with a great deal of interest. I am particularly concerned about some phases of the program as reported to the Senate by the Committee on Foreign Relations. I am particularly concerned about the so-called revolving fund, which removes all the economic aid from any real congressional control, by setting up a permanent fund, over which Congress will have, at best, very limited control.

I do not know whether the Senator from Oregon approves of that particular phase of the bill. Some of us, who are concerned about it, will have an opportunity to vote to retain in the Congress of the United States some measure of control over the program. A number of other items in the bill disturb me also.

I shall look forward eagerly to the Senator's amendments, in the hope that some of them will be along the line of my thinking, so that I may support the effort to make the program more realistic.

Mr. MORSE. It was not my intention, in making my unanimous-consent request, to open debate on the mutual-security bill. I do not think it would be courteous to the chairman of the Committee on Foreign Relations for me to do so.

I wish to say very quickly in passing, to my good friend from Georgia, that I am not at all surprised, inasmuch as he is such a great constitutional lawyer, that he should make the observations he has made. I wish to assure him that one section of my minority views is given over to the constitutional question, and to what I consider to be an abdication by Congress of its legislative duties under the Constitution.

Having served with the Senator from Georgia for a number of years on the Committee on Armed Services, and although there may have been some times when we voted differently, I cannot recall when we ever voted differently on any major item before the committee, and, in fact, I cannot recall any minor one, for that matter, when we voted differently; I should like to say to him that I also take the position in my minority views that tremendous savings can be made in the military budget. It should no longer be considered a sacred cow, but should be put on the legislative operating table of Congress in order that we may cut out some of its cancers.

I press my unanimous-consent request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

MUTUAL SECURITY ACT OF 1957—MINORITY AND SUPPLEMENTAL VIEWS

Subsequently, Mr. MORSE, as a member of the Committee on Foreign Relations, submitted his minority views, together with the supplemental views of Mr. Long, on the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, heretofore reported by Mr. GREEN from that committee which were ordered to be printed as part 2 of Report No. 417.

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1958

The Senate resumed the consideration of the bill (H. R. 6287) making appropriations for the Departments of Labor, and Health, Education, and Welfare and related agencies, for the fiscal year ending June 30, 1958, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, in order that Senators may be on notice, I ask unanimous consent that on the question of the passage of the pending measure, the Labor and Health, Education, and Welfare Departments appropriation bill, the yeas and nays be ordered.

The yeas and nays were ordered.

Mr. HILL. Mr. President, the bill under consideration provides an appropriation of \$2,885,290,781 for the Departments of Labor, and Health, Education,

and Welfare. This amount is an increase of \$38,459,200 over the House bill, but is under the budget estimates for 1958 by \$96,636,800.

The committee has approved a total of \$354,348,600 for the Department of Labor, an increase of \$5,288,400 over the House bill. Included in the committee's recommendation are items totaling \$321,800,000, or 90.81 percent of the budget estimates, for which funds must be provided. Included are grants to States for unemployment compensation and employment service administration, \$260 million, paid out of the earmarked Federal unemployment tax revenues; in other words, that amount comes out of revenues raised by special taxes and does not come out of the Federal Treasury.

For unemployment compensation for veterans, the bill provides \$36,800,000.

For unemployment compensation for Federal employees, \$25 million is included.

For the Department of Health, Education, and Welfare the committee recommends a total of \$2,516,707,381. Included in the recommendations are items totaling \$1,768,700,000, representing 70.27 percent of the Department's estimates, for which funds must be provided for grants to States for public assistance, \$1,600,000,000; for payments to school districts, \$127 million; and for assistance for school construction in federally impacted areas, \$41,700,000. The basic legislation for these three programs definitely commits the Congress to provide whatever funds are required.

Not included in the above category, but certainly programs which permit little or no reduction from the budget estimates, are those for grants to States for maternal and child welfare; for grants to States for vocational rehabilitation; for grants to States for hospital construction; for grants to States for waste treatment works construction; and for assistance to States for local public health units. These together with the items for public assistance and school construction and school maintenance and operation total in excess of \$2 billion.

The increases recommended throughout the bill are at a minimum when consideration is given to the fact that this bill was under consideration by the House for 10 days, with extensive amendments offered on the floor of the House and numerous reductions made in the amounts recommended by the House Committee on Appropriations, following extended, detailed, and exhaustive hearings, during which the bill was thoroughly examined and considered. Senators will recall that on the day of passage of the bill in the House there were 14 yea-and-nay votes.

Increases recommended by our committee for the Department of Labor only partially restore the reductions effected by floor amendments under the House committee recommendations. For one item—the Mexican farm labor program—we recommend the same amount as the House committee allowance.

The substantial increases approved by our committee are for medical research in the killing and crippling diseases—cancer, heart disease, mental ill-

nesses, arthritis, and metabolic diseases, neurological disorders, and blindness. For each of these items the committee recommends increases in excess of the budget estimates. In total, we have approved increases of \$32,027,000 for the National Institutes of Health for use in the fight against killing diseases.

Last year our committee reported to the Senate a bill containing amendments for increases in these same items amounting to \$56,282,000 over the budget estimates, or 44.48 percent over the amounts requested.

This year's recommendation of increases, totaling \$32,027,000, amounts to 16.84 percent over the amounts requested.

It is recalled that there were doubts expressed last year as to whether the funds recommended by the committee last year would be wisely and prudently spent and whether there was available manpower to carry on the additional research possible with the greatly increased funds. The Senate committee considered the matter very thoroughly, and the position of the Senate committee was fully vindicated. Manpower was available, and the funds have been wisely and prudently expended.

Mr. President, following the usual procedure, I ask unanimous consent that the committee amendments be considered en bloc, and that the bill as amended be considered as original text for the purpose of amendment, with this exception:

The distinguished Senator from South Carolina [Mr. JOHNSTON], who is the chairman of the Committee on Post Office and Civil Service, has called attention to the language on page 30, line 18:

Provided, That the Chief and Assistant Chief of the Training and Standards Branch of the National Institute of Mental Health shall each be compensated at a salary rate not to exceed \$17,500 per annum.

The committee included this proviso in the bill, conscious of the fact that more than half of the hospital beds in the United States today are occupied by patients suffering from mental illness, and that the cost of mental illness runs into billions of dollars each year.

The Senator from South Carolina has called attention to this proviso, and I have consulted with the distinguished Senator from Minnesota [Mr. THYE] who is the ranking minority member of the subcommittee, and formerly was the distinguished chairman of the subcommittee.

So in asking unanimous consent that the Senate amendments be agreed to en bloc, we do not ask unanimous consent that the proviso beginning on line 18, page 30, and ending on line 22, which I have just read, be included. That means, then, that the proviso will be stricken from the bill.

The Senator from South Carolina has advised me that he and his committee are giving their thought, attention, and consideration to this very matter now; they are examining into the question at this very time.

Mr. JOHNSTON of South Carolina. Along that line, last year, if Senators will recall, approximately 800 of the super-

grade positions were acted upon. At present, the Committee on Post Office and Civil Service is holding hearings and is considering the matter. Even today, in order to conserve the time of the Senate, I am having lunch with the chairman of the Civil Service Commission, to discuss with him matters pertaining to the various grades, such as the one concerned in this instance. The committee will then look into the matter.

As I understand, the provision beginning on line 18 and ending on line 22, of page 30, will be stricken from the bill.

Mr. HILL. That is correct.

Mr. THYE. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. THYE. I may say to the distinguished chairman of the Committee on Post Office and Civil Service that the salary range of \$17,500 for this particular position would be proper. I regret that it is found to be necessary to strike the provision from the bill. But with the assurance that the chairman of the Committee on Post Office and Civil Service, the committee having jurisdiction of the question of salaries and qualifications, and all other matters relating to the civil service, will take the matter under consideration and will include it in a study to make certain that the salary range will be adjusted as it should be adjusted, I shall not object to the striking of the provision. But in the committee the decision was made to report the bill to the Senate with this provision included.

Mr. JOHNSTON of South Carolina. Inasmuch as the committee had already included the provision in the bill, I wish to state that we shall give the matter special treatment. But the Senator from Minnesota, who served for so many years on the committee of which I am chairman, knows what we have to do in the case of placing certain employees in the super grades under the Classification Act. In that connection there are many headaches, because when one case of that sort comes up, other employees wish to be treated similarly.

Mr. THYE. I appreciate that. If I had remained on the Committee on Post Office and Civil Service, I would now be its senior Republican member. However, I had long endeavored to obtain a seat on the Appropriations Committee; and a number of years ago I had to decide whether I would leave the Committee on Post Office and Civil Service, in order to become a member of the Appropriations Committee. I regretted leaving the Committee on Post Office and Civil Service, because of the excellent work it does on matters relating to the classification of employees.

Let me say that the Senator from South Carolina is doing an excellent job as chairman of the committee, and I am confident that this particular position will have his personal attention. In all justice, the proposed increase in salary should be made.

Mr. JOHNSTON of South Carolina. Mr. President, I thank the Senator from Minnesota for his kind remarks concerning me. During the many years he and I served together on the committee,

mill capable of turning out 144-inch steel plate, 3 more oxygen steelmaking furnaces, 90 new coke ovens, a new electrolytic tinplate line, and other facilities which will bolster the whole economic and industrial foundation of the State, the West, and the Nation.

These facilities, which will lead to employment of 2,700 additional workers at Fontana and other Kaiser operations, will have undeniable benefits to California. But it should be noted they also will contribute importantly to our Nation's security. Most of us readily remember the critical shortages of iron and steel which confronted the United States during the national emergency before Pearl Harbor and the early days of our involvement in World War II. We also can recall the superhuman accomplishments which made California an important arsenal during that conflict and the later hostilities in Korea. This expanded California steel industry is designed to serve our Nation in peace. It will also be an indispensable adjunct in event of another war.

I take these few moments, Mr. President, to call attention to the significance of a phrase which is often used—"the growing West"—and to note that progress continues undiminished in the State which I have the honor in part to represent in this body.

CONSTRUCTION OF TOLL BRIDGE ACROSS RAINY RIVER, MINN.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 439, Senate bill 1054.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1054) to extend the times for commencing and completing the construction of a toll bridge across the Rainy River at or near Baudette, Minn.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, the distinguished senior Senator from Minnesota [Mr. THYE] has brought to the attention of the minority leader and myself the importance and urgency of passing this bill at the earliest possible date.

The Committee on Public Works, which considered the bill, recommends its passage.

The bill would extend the time for commencing and completing the construction of a toll bridge across the Rainy River at or near Baudette, Minn.

It may be that the distinguished senior Senator from Minnesota, the author of the bill, has a statement to make. If so, I yield for that purpose.

Mr. THYE. Mr. President, I thank the distinguished majority leader for having the bill considered at this time. The existing act authorizing the construction of the bridge expires on the 16th day of this month. Unless we pass the bill there will be the question of the

expiration of the authorization for the construction of the bridge. That is the urgency. It is as simple as that. It is merely an authorization bill.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the first section of the act entitled "An act to revive and reenact the act authorizing the village of Baudette, State of Minnesota, its public successors or public assigns, to construct, maintain, and operate a toll bridge across the Rainy River, at or near Baudette, Minn., approved December 21, 1950," approved June 16, 1955 (69 Stat. 159), is amended by striking out "commenced within 2 years and completed within 4 years" and inserting in lieu thereof "commenced within 4 years and completed within 6 years."

MUTUAL SECURITY ACT OF 1957

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 424, S. 2130.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to and the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

That this act may be cited as the "Mutual Security Act of 1957."

SEC. 2. Title I, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to military assistance, is further amended as follows:

(a) Amend section 103, which relates to authorizations, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this chapter not to exceed \$1,800,000,000, which shall remain available until expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this chapter not to exceed \$1,500,000,000, which shall remain available until expended."

(2) In subsection (b), strike out "and of section 124."

(3) In subsection (c), add at the end thereof the following new sentence: "When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within 3 years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwith-

standing section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance."

(b) In section 104 (a), which relates to infrastructure, strike out in the first sentence the word "already"; strike out "\$780,000,000" in the first sentence and substitute "\$1,000,000", and strike out the second sentence.

(c) In section 105 (b) (3), which relates to conditions applicable to military assistance, strike out the words between "Asia" and "the President."

(d) Amend section 107, which relates to waivers of law, as follows:

(1) In subsection (a), strike out "1262 (a), and title 34, United States Code, section 546 (e)" and substitute "7307 (a)."

(2) In subsection (b), strike out "Revised Statutes 1222 (10 U. S. C. 576)" and substitute "title 10, United States Code, sections 3544 (b) and 8544 (b)."

(e) Repeal section 108, which relates to transfer of military equipment to Japan.

SEC. 3. Chapter 2 of title I of the Mutual Security Act of 1954, as amended, which relates to southeast Asia and the Western Pacific, and direct forces support, is hereby repealed.

SEC. 4. Title I, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to defense support, is further amended as follows:

(a) Amend section 131, which relates to general authority, as follows:

(1) In subsection (a), before "designed" in the first sentence, insert "specifically."

(2) Strike out subsection (b) and substitute the following:

"(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this section not to exceed \$800 million, which shall remain available until expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this section not to exceed \$710 million, which shall remain available until expended."

(3) Strike out subsection (c), and redesignate subsection "(d)" as subsection "(c)."

(4) Add a new subsection (d) as follows:

"(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this act."

(b) Repeal section 132, which relates to the Korean program.

SEC. 5. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is further amended as follows:

(a) In section 142 (b), which relates to agreements, strike out in the first sentence "chapter 2 or" and "or under title II."

(b) Section 143 is amended to read as follows:

"SEC. 143. Assistance to Yugoslavia: In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3)

that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House of Representatives, and the Appropriations Committees of the Senate and of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act."

(c) Add a new section 144 as follows:

"SEC. 144. Southeast Asia: Assistance under this title shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 percent of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within 30 days."

SEC. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to development assistance, is further amended by striking out the heading of the title, "Development Assistance," and substituting "Development Loan Fund"; by striking out the section number and heading of section 201 and striking out subsections (a) and (b) of section 201; by redesignating subsection (c) of section 201 as subsection (d) of section 537 and striking out therein "this title" and "411 (c)" and substituting, respectively, "section 400 (a)" and "411 (b)"; and by inserting the following new sections:

"SEC. 201. Declaration of purpose: The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities."

"SEC. 202. General authority: (a) There is hereby established a fund to be known as the 'Development Loan Fund' (hereinafter referred to in this title as 'the Fund') to be used by the President to finance activities carried out pursuant to authority contained in this title."

"(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons, or other entities, and on such terms and conditions, as he may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title. The Fund shall be administered so as to support and encourage private investment and other pri-

vate participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The authority of section 401 (a) of this act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this act be used to increase or decrease the funds available under this title. Guaranties under this subsection shall be subject to the provisions of section 413 (b) (4), except subparagraph (F) thereof. The administrator of the Fund shall furnish to the Foreign Relations Committee of the Senate and to the Foreign Affairs Committee of the House of Representatives a report on each financing operation or transaction involving more than \$10 million of the Fund's assets and involving an activity requiring longer than 1 year to complete. Such report shall be made at the time such financing operation or transaction is consummated."

"SEC. 203. Capitalization: (a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500 million. In addition, unless disapproved in the appropriation act appropriating funds pursuant to the authorization contained in the preceding sentence, the Secretary of the Treasury is authorized and directed to make, beginning in the fiscal year 1959, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204 (b) of this act, the maximum amount of obligations incurred against the Fund during the fiscal year 1958 shall be \$500 million, during the fiscal year 1959 shall be \$750 million, and during the period beginning in the fiscal year 1960 shall be \$750 million; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period."

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section."

"SEC. 204. Fiscal provisions: (a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title."

"(b) The President is authorized to incur, in accordance with the provisions of this title, obligations against the Fund in amounts which may not at any time exceed the assets of the Fund. The amount of such obligations also may not exceed the limitations specified in section 203 (a) of this act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations. Obligations incurred against the Fund which are subsequently canceled shall not be counted for purposes of the limitations on obligations specified in section 203 (a). The term 'assets of the Fund' as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization authorized pursuant to section 203 (a) of this act which has not been advanced or loaned to the Fund as of such time. The Fund shall be avail-

able without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title, including repayment of loans made to the Fund pursuant to section 203 (a) of this act."

"(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required."

"SEC. 205. Powers and authorities: In carrying out the purposes of this title, any officer or agency of the United States designated to exercise authorities provided for hereunder may, in addition to other powers and authorities provided to such officer or agency pursuant to this act or otherwise by law, and as the President may direct: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible, or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as such officer or agency shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, such officer or agency, and, as such officer or agency may determine, refer any such obligations or rights to the Attorney General for suit or collection; and otherwise take any and all actions determined by such officer or agency to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation authorized by this title. No officer shall be designated to be the administrator of the Fund except by appointment by the President by and with the advice and consent of the Senate."

"SEC. 206. Advisory Loan Committee: There is hereby established an Advisory Loan Committee, referred to in this section as

the 'Committee', which shall advise and consult with the President, or such officer as he may designate to administer the Fund, with respect to basic policy matters arising in connection with the operations of the Fund and with respect to each new obligation against the Fund in excess of \$10 million. The Committee shall consist of the Deputy Undersecretary of State for Economic Affairs, the Chairman of the International Development Advisory Board acting in his individual capacity, the administrator of the Fund, and representatives designated by the President from the Export-Import Bank, the Department of Agriculture, the Department of Commerce, the United States representation in the International Bank for Reconstruction and Development, and such other representatives of Government agencies as the President shall deem necessary to insure proper coordination of the Fund's activities with the activities of other sources of capital which flows abroad. The Deputy Undersecretary of State for Economic Affairs shall be Chairman, and the administrator of the Fund shall be Vice Chairman, of the Committee. The administrator of the Fund shall furnish to the Committee all necessary information to enable the Committee to form a judgment with respect to the subjects referred to in the first sentence of this section. If the administrator of the Fund follows a course contrary to the advice of a majority of the Committee with respect to any such subject, he shall furnish to the Committee and to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a statement of his reasons for doing so."

SEC. 7. Title III of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is further amended as follows:

(a) In section 304, which relates to authorization, strike out subsections (a) and (b) and substitute the following: "There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$151,900,000 to carry out the purposes of this title."

(b) Amend section 306, which relates to multilateral, technical cooperation, as follows:

(1) Strike out the text of subsection (a) and substitute the following:

"\$15,500,000 for the fiscal year 1958 for contributions to the United Nations Expanded Program of Technical Assistance: *Provided*, That, notwithstanding the limitation of 33.33 percent contained in the Mutual Security Appropriation Act, 1957, the United States contribution to this program may constitute for the calendar year 1958 as much as but not to exceed 45 percent of the total amount contributed to the program for that period, for the calendar year 1959 as much as but not to exceed 38 percent of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33.33 percent of the total amount contributed to the program for that period."

(2) Strike out the text of subsection (b) and substitute the following:

"One million five hundred thousand for the fiscal year 1958 for contributions to the technical cooperation program of the Organization of American States."

SEC. 8. Title IV of the Mutual Security Act of 1954, as amended, which relates to other programs, is further amended as follows:

(a) Insert before section 401 the following new section:

"SEC. 400. Special assistance: (a) There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$250 million for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability or for assistance in

accordance with the provisions of this act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this act. One hundred million dollars of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a).

"(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25 million, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 percent of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505."

(b) Amend section 401, which relates to special fund, as follows:

(1) Strike out the title of this section and substitute "President's Special Authority".

(2) In subsection (a), strike out "to be appropriated under subsection (b) hereof" in the first sentence and substitute "for such use by section 400 (a) of this act"; before "in furtherance of" in the first sentence, insert "or any act appropriating funds pursuant to authorizations contained in this act."

(3) Strike out subsection (b).

(4) Redesignate subsection "(c)" as subsection "(b)".

(c) In section 402, which relates to earmarking of funds, strike out all preceding "shall be used" in the first sentence and substitute "Of the funds authorized to be made available in the fiscal year 1958 pursuant to this act (other than funds made available pursuant to title II), not less than \$200,000,000."

(d) Amend section 403, which relates to special assistance in joint control areas, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and in the second sentence strike out all following "the President" and substitute "for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section."

(2) Strike out subsection (b).

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (a), strike out the words between "appropriated" and "such amounts"; and strike out the last sentence.

(2) In subsection (c), strike out the words between "appropriated" and "for contributions" and substitute "for the fiscal year 1958 not to exceed \$2,233,000."

(3) In subsection (d), strike out the words between "President" and "for continuation" and substitute "for the fiscal year 1958 not to exceed \$5,500,000."

(f) Amend section 406, which relates to children's welfare, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and strike out all following "exceed" and substitute "\$11,000,000 for the fiscal year 1958 for contributions to the United Nations Children's Fund."

(2) Strike out subsection (b).

(g) In section 407, which relates to Palestine refugees in the Near East, strike out the

first two sentences in subsection (a) and substitute in lieu thereof the text of the present subsection (b) with the addition of the following sentence: "In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees."; strike out the subsection designation "(a)"; and strike out subsection (b).

(h) In section 408, which relates to the North Atlantic Treaty Organization, strike out in subsection (a) the words between "appropriated" and "such amounts."

(i) Amend section 409, which relates to ocean freight charges, as follows:

(1) Strike out the text of subsection (c) and substitute "There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$2,200,000 to carry out the purposes of this section."

(2) In subsection (d), strike out all preceding "to pay" in the first sentence and substitute "In addition, any funds made available under this act may be used, in amounts determined by the President,"; and strike out the second sentence.

(j) In section 410, which relates to Control Act expenses, strike out the words between "President" and "for carrying out" in the first sentence and substitute "for the fiscal year 1958 not to exceed \$1 million."

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out the words between "President" and "for necessary" and substitute "for the fiscal year 1958 not to exceed \$33 million"; strike out "and section 124"; and before the period at the end of the subsection, insert "and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance."

(2) Strike out subsection (c), and redesignate subsections "(d)" and "(e)" as subsections "(c)" and "(d)", respectively.

(l) Repeal section 412, which relates to Chinese and Korean students.

(m) Repeal sections 419 and 421, relating, respectively, to World Health Organization and Food and Agriculture Organization, which repeals shall not be deemed to affect amendments contained in such sections to acts other than the Mutual Security Act of 1954, as amended; and add the following new sections:

"SEC. 419. Atoms for peace: (a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$7 million to carry out the purposes of this section."

"(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000."

"(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die stamped or labeled as a product of the United States shall be so stamped or labeled."

"SEC. 420. Malaria eradication: The Congress of the United States, recognizing that

the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to furnish to such nations, organizations, persons, or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. Not to exceed \$23,300,000 of the funds made available pursuant to authorizations contained in this act (other than title I, ch. 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section."

SEC. 9. Title V, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to general provisions, is further amended as follows:

(a) Amend section 503, which relates to termination of assistance, as follows:

(1) Strike out the subsection designation "(a)"; and in the last sentence of subsection (a) strike out "subsection" and substitute "section."

(2) Strike out subsection (b).

(b) In section 504 (a), which relates to small business, strike out "chapters 2 and" and substitute "chapter."

(c) Amend section 505, which relates to loan assistance and sales, as follows:

(1) In subsection (a), strike out "assistance" in the first sentence and substitute "Except as otherwise specifically provided in this act, assistance"; and after "commodities" both times it appears in the second sentence, insert ", equipment, materials."

(2) In subsection (b), strike out the first sentence; and strike out "shall" both times it appears in the second sentence and substitute "may."

(d) In section 509, which relates to shipping on United States vessels, strike out the first sentence.

(e) In section 511 (c), which relates to retention and return of equipment, after "materials" the first time it appears, insert "on a grant basis"; and strike out "(other than equipment or materials sold under the provisions of section 106)."

(f) In section 513, which relates to notice to legislative committees, after "act" the second time it appears in the first sentence, insert "or acts appropriating funds pursuant to authorizations contained in this act."

SEC. 10. Title V, chapter 2, of the Mutual Security Act of 1954, as amended, which relates to organization and administration, is further amended as follows:

(a) In section 521, add the following new subsection:

"(c) The President shall continue to exercise the powers conferred on him under chapter 3 of title I, relating to defense support, only through the Secretary of State and his subordinates."

(b) In section 523, add the following new subsection:

"(c) Under the direction of the President, the Secretary of State shall:

"(1) coordinate the various forms of assistance authorized by this act so that the foreign policies of the United States may be best served thereby; and

"(2) determine the value of the program under chapter 1 of title I for any country."

(c) In section 524 (b), strike out the second sentence.

(d) In section 525, strike out the first sentence.

(e) In section 527 (c), which relates to employment of personnel, after "shall be

entitled" in paragraph (1), insert ", except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds 2 years,"; and before the period at the end of paragraph (2), insert ": Provided, however, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds 2 years."

(f) In section 534, which relates to reports, after "504," insert "202, 400."

(g) In section 535 (b), which relates to cooperation with nations and international organizations, before "in furtherance of" in the first sentence insert "consistent with and"; and before "nations" where it appears for the first time in the first sentence insert "free."

(h) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In the opening clause of subsection (a), within the parentheses, strike out "and section 124."

(2) In subsection (a), paragraph (1), strike out "1957" and substitute "1958."

(3) Amend the text of subsection (a), paragraph (10), to read "rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water, and utilities for such properties;"

(4) In subsection (a), paragraph (17), strike out "or" preceding "(iii)"; and after "another" insert ", (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel."

(5) In subsection (c), strike out "\$12,000,000" and insert "\$18,000,000"; and strike out "in the fiscal year 1957."

(6) Add the following new subsection:

"(e) Funds available under this act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of this act (through interchange or otherwise) at any State or local unit of Government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, 84th Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however, That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.*"

SEC. 11. Title V, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to repeal and miscellaneous provisions, is further amended as follows:

(a) In section 543, relating to saving provisions, insert the following new subsections:

"(d) Funds appropriated pursuant to provisions of this act repealed by the Mutual Security Act of 1956 or the Mutual Security Act of 1957 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any act to provisions of this act repealed or stricken out by the Mutual

Security Act of 1957 are hereby stricken out; and references in any act to provisions of this act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations."

(b) Amend section 544, which relates to amendments to other laws, as follows:

(1) Repeal subsections (a), (c), (d), (e), (f), (g), (h), and (i), which repeals shall not be deemed to affect amendments contained in such subsections to acts other than the Mutual Security Act of 1954, as amended; and redesignate subsection "(b)" as subsection "(a)."

(2) Add the following new subsections:

"(b) Public Law 174, 79th Congress, as amended, is hereby further amended by striking out '31.5' in the proviso at the end of section 2 and inserting '33.33.'

"(c) Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong., 7 U. S. C. 1704) is amended by changing the period at the end thereof to a comma and adding: 'such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1 million a year in any one country for a period of not more than 5 years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;'

(c) In section 546 (b), relating to construction, strike out "Atomic Energy Act of 1946, as amended (42 U. S. C. 1801)" and substitute "Atomic Energy Act of 1954, as amended (42 U. S. C. 2011)."

(d) Repeal section 547, which relates to reduction of authorizations.

(e) In section 549, relating to special provision on availability of funds, strike out "chapter 3 of title I," and strike out the comma following "title III."

Mr. JOHNSON of Texas. Mr. President, I have a very brief statement I should like to make in connection with the motion that has been agreed to by the Senate.

First I should like to inform the Senate that it is our plan to hear the presentation of the pending measure by the very able and beloved chairman of the Committee on Foreign Relations, the senior Senator from Rhode Island [Mr. GREEN]. Any other Senator who cares to address himself to the pending measure will have an opportunity to do so this afternoon. I do not anticipate that we will have any votes or that we will have an evening session today.

Tomorrow morning the Senate will meet at 9:30 as usual. Following the morning hour, we may consider some of the noncontroversial bills on the calendar. They are the bills which I enumerated earlier in the day, and which will appear in the RECORD.

I am hopeful that we shall be able to stay late enough tomorrow and on Friday and on Saturday to conclude action on the mutual security authorization bill this week. It was reported last Thursday. We have given ample time for the majority and minority to report their respective views. It will have been before the Senate on Wednesday, Thursday, Friday, and Saturday—4 days—and I therefore appeal to my colleagues to cooperate with us during this month of June and to be diligent in attendance and attentive to this extremely important measure.

Mr. President, if we are unable to conclude consideration of the measure this

week, of course it is needless to say that I expect to have the Senate convene early next week and remain late until we get the authorization bill behind us.

Next week I am hopeful that we will have some more appropriation bills to consider. The appropriation bill for the Department of the Interior should be on the calendar.

I commend the distinguished Senator from Rhode Island [Mr. GREEN] and his entire committee, both the majority and minority members, for the very thorough job they did in connection with the pending bill, and for the long hours they spent in an attempt to report to the Senate a measure which would meet with the approval of a majority of the Members of the Senate. They did a thorough job and an effective job. I am hopeful that the bill as recommended to us by the experienced Senators who sit on the great Committee on Foreign Relations may pass without substantial amendments. I look forward to hearing the Senator from Rhode Island.

Mr. GREEN. Mr. President, it is my duty to present to the Senate the report of the Committee on Foreign Relations in support of S. 2130, as amended, the Mutual Security Act of 1957.

Although I speak of the presentation of this bill as a duty, it is also a privilege, because members of the Committee on Foreign Relations have done such a careful job on the proposals of the President. The bill as it is reported from the Committee on Foreign Relations is greatly improved over the version which was submitted to the Senate and introduced by the Senator from Wisconsin [Mr. WILEY] and myself, by request, on May 22.

In view of recent suggestions that the Congress has not acted with sufficient alacrity on presidential proposals, I call attention to the fact that the President's message on the Mutual Security Act was not received this year until May 21. One day later, on May 22, S. 2130 was introduced, embodying the President's proposals, and on that very day the committee began its hearings. The committee has met long hours to receive testimony in public and private session and to mark up the bill. The finished bill was reported to the Senate on June 7, just 18 calendar days after the President's message was received. But if one does not count weekends and a holiday which intervened the committee has reported this bill only 11 working days after its submission and introduction.

It occurs to me that this may be a speed record for the consideration of an important proposal submitted by the President. Had there not been so many suggestions that Congress has been dawdling, I would let the matter drop here. But in all fairness I must add that although the President's message was received on May 21, it was not until June 3 that the committee began to receive from the executive branch the detailed justification for its proposals. This has meant as a practical matter that the committee had only 5 working days to master the details of the President's proposals. That would have imposed an impossible task had it not been for the fact that many of the President's

proposals bore the imprint of the earlier work done by the Special Committee To Study the Foreign Aid Program.

I do not mean to cast any reflection whatsoever on the many executive branch employees who worked long hours to help the committee in its consideration of this bill. But I do suggest that those elements in the administration and the press which are so free in their criticism of Congress might bear in mind that delay is not always solely or even chiefly attributable to Congress.

Despite the committee's speed in reporting the bill, the proposal of the President for the authorization of a mutual security program of \$3.8 billion for next year was given most careful consideration. The President's recommendations are entitled to the greatest respect. However, I would be less than candid if I did not say that I believe the work of the committee has greatly improved the President's proposals and that the end product will better serve the interests of the people of the United States.

I believe the legislation as approved by the Committee on Foreign Relations deserves, in turn, the most careful and serious consideration on the part of all Members of the Senate. While I do not preclude the possibility that the Senate may make additional changes in the pending bill which will further improve it, it does seem to me that doubts as to particular amendments which may be offered should be resolved in favor of the committee's recommendations. It may be bold to make such a suggestion. I do so, however, from a conviction that members of the committee during the past year have spent so much time and energy in a total reexamination of the concept of foreign aid that they have to a man become outstanding experts on this subject.

Senators will recall that last July the Senate created a Special Committee To Study the Foreign Aid Program. The Senate instructed that special committee—on which I have served as chairman since last January—to undertake exhaustive studies to determine the extent to which foreign aid serves, does not serve, or can be made to serve the national interest. I shall not take the time now to review the extensive work of the special committee. Suffice it to say that the report of the special committee served as a guide to the executive branch in the preparation of its proposals on foreign aid this year. That branch, however, did not adopt all the recommendations of the special committee for what seemed to it to be good and sufficient reasons. In some instances, the Committee on Foreign Relations has accepted the administration's judgment, and provisions have remained in the bill which were contrary to the proposals of the special committee. In other instances, however, the Committee on Foreign Relations concluded that the recommendations of the special committee should have been followed by the administration. As a result, a number of important changes have been made in the legislation as proposed by the executive branch.

I do not want to leave this brief discussion of the work of the special com-

mittee without paying high tribute to each and every member of that group. As my colleagues know, in addition to all members of the Committee on Foreign Relations, the special committee included in its membership the distinguished chairman of the Committee on Armed Services [Mr. RUSSELL]; the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL]; the outstanding chairman of the Committee on Appropriations [Mr. HAYDEN]; and the able senior Senator from New Hampshire [Mr. BRIDGES]. These members added great strength to the special committee. They were understanding and conscientious in their work. Many of their ideas and suggestions are to be found in the final product.

I turn now to the Mutual Security Act of 1957, to S. 2130 itself. Members will recall that there were grave doubts expressed on the floor of the Senate last year as to the desirability of continuing this type of legislation. Foreign aid was in serious trouble at that time. Many Senator, I am sure, went along with the measure last year only on the assurance that there would be major revisions in the legislation this year on the basis of full study by the special committee and studies by the executive branch.

Mr. President, the bill now before the Senate reflects the results of all those studies. It is a legislative expression of the beginning of a major revision of foreign aid. The impact of the change will be felt this year and increasingly in the years ahead.

What are some of the immediate changes? In the first place, the amount of the authorization is reduced. Last year, Congress appropriated \$3.766 billion for foreign aid. This year the President's budget originally called for an increase to \$4.4 billion. While the Senate's special study of the program was in progress, however, the President himself reduced that total by \$500 million. The Committee on Foreign Relations in weighing this legislation was convinced that the figure could, without damage to the national interest, be reduced by another \$227 million. It has, therefore, recommended to the Senate a total figure for fiscal year 1958 of \$3.637 billion. This reduction is, in the opinion of the committee, intelligent economy. It is not a meat-ax cut. The committee knew what it was about because its members, as members of the special committee, had studied the foreign aid program from every conceivable angle.

I am convinced that the reduction will not impair the national interest. Indeed, I believe the reduction will work, positively, to the benefit of the national interest. It will compel a tighter administration of the program. It will compel a more careful evaluation of each and every project of foreign aid which may be undertaken.

For the same reasons, Mr. President, I believe that there should not be any further substantial reductions in the authorizations contained in the measure. Depending on future developments, additional economies may be possible in future years. They should be the result, however, of the same kind of careful study which has preceded the committee

approval of this measure if they are to serve the national interest. Let us have economy based on facts and not on presumptions. That is the only way in which the Senate can discharge its dual responsibility of helping to safeguard not only the nation's purse, but what is even more important, the nation itself.

Economy is important, but there is something of even greater importance. That is the long-range safety and freedom of the United States and the long-range interests of the people of the United States. If I thought that the freedom of this country or the welfare of its people would be served by a foreign aid program of \$6 billion or even \$10 billion, I would not hesitate for one moment to recommend such an increase to the Senate and to vote for it myself.

It is because I believe on the basis of our present knowledge that the overall amount proposed in this bill, the amount of \$3.6 billion, is an accurate expression of the extent of the national need for this program that I confidently bring this measure, on behalf of the Committee on Foreign Relations, before the Senate.

Let me say further that the improvements in the bill over previous foreign aid legislation do not stop with economy. The committee's changes in the bill have served to clarify the purposes of foreign aid. We have taken the first steps in distinguishing between those aspects of foreign aid vital to national defense or to political interests, and those aspects essentially of a business nature and designed to help ourselves by helping others. I say, "the first steps," because much will depend on how the administration interprets the changes which have been written into the legislation. Congress will set the pattern in this legislation. It is for the executive branch to follow through. I may say that while I am chairman of the Foreign Relations Committee, I will do my best to see that the other branch does carry through.

What are the changes which have been made in this connection? In the first place, the committee has separated military aid and the economic type support necessary to maintain it from the other parts of the proposed legislation. Military assistance and defense support constitute the bulk of the grants of foreign aid. In the bill, \$2.6 billion, or 68 percent of the total authorization, is related to defense. We authorize this military-type aid not for 1 year, but for 2 years, with a reduction already provided for next year. We have permitted this 2-year authorization at the urging of the executive branch, which contended that it will make for a far more efficient and economical administration of military aid and its connected economic support. Furthermore, this change will make it possible for military assistance next year to be included in the regular budget of the Department of Defense, which is where it belongs.

One of the important conclusions reached by the special committee was that a larger portion of the funds annually made available for foreign aid should be on a loan basis. The administration agreed with the conclusion of

the special committee that assistance devoted to helping underdeveloped countries grow should be provided on a loan basis. This increased emphasis on loans instead of grants as a form of assistance is reflected by differences between the bill this year and the bill last year. Last year 80 percent of so-called development assistance was required to be in the form of loans. The development assistance figure last year was \$250 million. This year, however, virtually all funds for development assistance are to be on a loan basis and virtually none on a grant basis. In lieu of provision of some grant funds for development assistance, the committee has agreed with the administration to centralize all economic development assistance in a revolving fund which will operate on a repayable basis. It is the committee's clear understanding that this means that economic development aid is to be placed on a businesslike basis. The legislation requires loans, as contrasted with the strange admixture of loans and grants, of wisdom and waste, which has characterized these activities in recent years.

The committee expects this fund, which is to start out with \$500 million the first year, to operate in close coordination with the Export-Import Bank, the International Bank, and various other agencies concerned with overseas economic undertakings, and with private investment capital which flows abroad. It will also be closely coordinated with our general foreign policy.

Probably I should elaborate briefly on the operation of the development fund. As Members know, for many years the Export-Import Bank and the International Bank have made loans to foreign countries and foreign nationals for development purposes. These have been bankable loans. But at the very same time the administration, with some pressure from the Congress, has also developed what it has called the soft loan. These soft loans have involved tenuous commitments to repay, low rates of interest, and long terms for repayment. They have not been the type of loans which breed self-respect in the borrower. In fact, some of these loans have become devices for giving money away in a form that has involved only lipservice to loan requirements in past legislation. These soft loans will be done away with.

It is the committee's purpose, in calling for the establishment of the development fund, to provide a source of credit which would be available for operations of a type not yet able to command bank credit. The difference between the loan fund and other forms of credit is illustrated by the situation of the honest, able, sincere young man who goes to the bank to borrow \$1,000 to get himself started in business. The young man has no assets except his confidence in himself, a willingness to work hard, and a firm intention to repay every cent he borrows.

In this situation, few banks would loan the man enough money to get his business started. But a young man with that kind of promise, with confidence in himself, deserves help. He may be able to find some generous man in the com-

munity who is willing to take a chance on the young man's future.

That is precisely the way the development fund is to operate. It will be available for projects which cannot get commercial credit. It will be used in those underdeveloped nations where the people and their governments know that man can make progress if he works hard and is willing to pay his debts. The fund is for the purpose of promoting growth and independence and freedom. It is a device by which the American people can invest in the future development of peoples dedicated to freedom. It should not become a device for international relief.

The President's proposals did not originally provide for the kind of close coordination of the fund with these other activities which the committee believes necessary. The committee therefore wrote into the bill provision for an advisory loan board, which will include representation from the principal interested departments and agencies, and which will be under the chairmanship of the Deputy Under Secretary of State for Economic Affairs.

In my opinion, this addition is one of the most important provisions of the bill. I believe the advisory board is essential if we are to bring about an end to the dangerous and costly confusion of innumerable official agencies competing with each other and with private enterprise in assisting other nations abroad. Not only has this practice been costly; it has held us up to the amusement and the ridicule, if not the contempt of other nations.

As for other parts of this bill, the committee has fully endorsed the United States point 4 program, and raised the authorization for this operation to the figure of \$151 million. Of all the foreign-aid measures which this country pursues, point 4 has been the most modest in cost, the least pretentious in operation, and the most consistently successful in results. I believe the program should not be confused with more grandiose undertakings. I believe that the simple person-to-person contact which it promotes does a great deal of good, and should have the full and unswerving support of the people of the United States.

Finally, the committee has provided funds for various forms of special assistance, as requested by the administration. These funds amount to \$250 million. These are funds for political and humanitarian purposes. A considerable part of them may be spent at the discretion of the President, since needs and crises cannot always be anticipated. It is my hope that the President will be exceedingly discreet in the expenditure of these funds, and it would be most gratifying if a substantial part of them might revert to the Treasury at the end of the fiscal year 1958. If that were the case, I personally would be more receptive to the executive branch estimates of needs in the future.

Mr. President, I said earlier in my remarks that this bill represents a beginning in major changes in foreign aid, both in concept and in administration.

The Congress has built, so to speak, the framework of this new house. It will be the duty of the executive branch to finish it and to furnish it in a fashion best suited to the needs of the Nation.

The study of foreign aid which we have made during the past year has convinced me that a continuance of this program is necessary for the security and welfare of the people of the United States. It has also convinced me, as it has, I am sure, other members of the committee, that the key to its acceptance both at home and abroad lies in the fashion in which its policies are devised and administered by the executive branch.

The Congress cannot run this program on a day-to-day basis, although I must say there is a great temptation to try to do so, in view of some of the poor administrative practices the committee has uncovered. Our Government has a President and an executive branch for that purpose. We cannot do their jobs, but when we do ours, we have a right to insist that they also do theirs.

I believe that if S. 2130 is passed as it has come from the committee, the Senate will have done its share. It will have done so in a nonpartisan way, because I am proud to report there has been no trace of partisanship either in the work of the special committee or in the work of the Foreign Relations Committee. It will have done its work in a responsible fashion. It will have made a major contribution to the foreign policy of the United States, which now has become inextricably interwoven with the safety and welfare of the people of the world.

I feel confident that the Senate and the House of Representatives will do their parts, and that the President and the administration will do theirs in following through.

Mr. KNOWLAND. Mr. President, will the Senator from Rhode Island yield?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Does the Senator from Rhode Island yield to the Senator from California?

Mr. GREEN. I yield.

Mr. KNOWLAND. Speaking as the minority leader of the Senate, and also as a member of the Foreign Relations Committee, I should like to take this opportunity to compliment the distinguished Senator from Rhode Island for his service as chairman of that very important committee of the Senate. He attended, as he always does, most diligently to his duties there. He presided over the sessions, which, as he has quite correctly stated, were not tinged with partisanship in any sense of the word. As is quite proper in our legislative committees, there were some differences of opinion and there were some divided votes. Various Senators serving on the committee had different ideas. But when the bill was put into its final form, it embraced various suggestions which had come from the administration, and many which had come from subcommittees of the Senate, and others which had developed from the discussions in the committee.

I wish to state that in my opinion the committee did an excellent job in pro-

tecting the position of the Congress as a coordinate and coequal branch of the Government. In the general consensus, the bill is a good one, and is entitled to receive the support of the Senate.

I wish to say to the Senator from Rhode Island that I think the entire Senate owes him a debt of gratitude for the long hours he has devoted to this important bill in getting it ready for consideration by the Senate. As the Senator knows, it is only a part of the legislative process. In some years in the past the House has originated the authorization bill. The Senate has acted on it after the House has acted. In this case the Senate is moving first. The bill will have to go to the other House of Congress. It will then have to clear a conference between the two Houses. When that part of the legislative process is completed, then the House Appropriations Committee will start consideration of an appropriation bill dealing with the specific funds to be appropriated. After that committee has cleared the bill, the House will act on it. It will have to come to the Senate and run the gantlet of the Senate Appropriations Committee, and finally of the Senate itself. When the Senate has acted, that bill will have to go to conference.

So the bill before the Senate now in effect will set the outside limits of the funds which are to be provided, and I think all Members of the Senate should keep that fact in mind. However, I want to say that both the minority and majority members of the committee devoted long hours of service to bringing the bill to this stage of the legislative process, and I again commend the Senator from Rhode Island.

Mr. GREEN. Mr. President, I thank the minority leader for his friendly and generous words, which make worthwhile the work the committee has done.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. MANSFIELD. I join with the distinguished minority leader in congratulating the chairman of the Foreign Relations Committee for the outstanding work he has performed in conducting the hearings relative to the bill. Not only has he done fine work in presiding over the hearings connected with this bill directly, but during the past year he has been an excellent chairman in conducting, during most of that period, the investigation of the foreign-aid program called for by the Senate resolution adopted last summer.

As the chairman well knows, there are differences of opinion as to how good this particular bill is. To a large extent, those differences were worked out in committee, but I want the RECORD to show, as the Senator from California has so ably stated, that the hearings had been conducted and the decisions had been arrived at on a nonpartisan basis. The chairman of the committee allowed everyone to have his say. The explanation for every amendment offered was courteously listened to. Every member felt he had been given every consideration.

Again I thank the chairman of the committee for doing an outstanding job, which, of course, is a usual characteristic of the chairman of the committee.

Mr. GREEN. I thank the Senator heartily for his agreeable words of approval, which mean a great deal to me.

Mr. JOHNSON of Texas. Mr. President, there is nothing I could add to what I said when I brought the bill up by motion, about the very fine, patriotic service of the distinguished chairman of the committee. I do wish to commend him for pointing out to the Senate and to the country that, while some of the members of the executive department were talking about a lag in Congress, they were not able to submit their own recommendations on such an important measure as the one now pending before the Senate, namely, the Mutual Security Act of 1957. As I understood the distinguished chairman, it was not until June 3, some 8 or 9 days ago, that the witnesses were ready to appear and testify and give their recommendations on the bill.

Mr. GREEN. That is correct.

Mr. JOHNSON of Texas. It seems to me that people who live in glass houses should not throw stones, and an administration that is lagging as much as this one is in submitting recommendations in such an important field as the Mutual Security Act ought to be somewhat restrained in its observations about the dispatch with which Congress handles the matter.

I am hopeful my colleagues in the Senate will be prepared to discuss the bill the remainder of this afternoon and early in the morning when we assemble, because I want to demonstrate, not only to the Congress but to the Executive, and to the people, that while Congress is unjustly branded, it is efficient and effective, and it acts in accordance with its conscience and what it believes to be in the national interest.

I thank the Senator for the great contribution he has made in maintaining this fine standard.

Mr. GREEN. I thank the Senator for his kind comments, and I yield to floor.

Mr. COOPER. Mr. President, I have enjoyed the very clear presentation of the new mutual aid program by the senior Senator from Rhode Island.

It occurred to me, as I listened to the Senator who spoke as chairman of the Foreign Relations Committee, that the pending bill marks a major advance in the development of the mutual security program and certainly in the field of economic assistance. I speak particularly of the new Development Loan Fund which the bill establishes. During the current debate over the budget Members of Congress—and certainly many people of the country, if I read my mail correctly—have questioned the effectiveness of our economic assistance program. Among other things, they question whether funds are effectively used and go into projects and programs, in the countries receiving aid, which are of value. I think the Development Loan Fund established by this bill will assure, if the bill is finally approved, continuity of aid, and consequently more effective

programs. It will provide an answer to some of the questions raised against the mutual security program.

The very fact that continuity of aid is possible, where appropriate, to beneficiary countries will enable them to select wealth-producing projects for the use of our aid funds. This will be more beneficial to them as well as to the United States.

It will enable the United States to assure that aid funds go into wealth-producing projects, and will not be assigned to less effective programs, simply because countries aided could not be sure that aid would be forthcoming when needed to complete their larger and more valuable plans for development. Further, I believe it will be psychologically beneficial if countries can borrow rather than secure needed aid through grants. It will tend to promote good relations between the United States and countries receiving our help.

As the Senator was speaking, I glanced at the list of countries that will be aided by this bill. From a quick calculation, I noted that 14 or 15 countries on the list have become independent in the last 10 or 12 years. A great purpose of our economic assistance is to aid and promote the economic advancement of these countries.

In doing this, we assist them, also, to secure their political independence. If these newly independent countries maintain their political independence and sovereignty, a great purpose of the foreign policy of the United States would have been accomplished. I join with other Senators in congratulating the Senator from Rhode Island and his committee on their fine work.

ARTHUR SEW SANG AND OTHERS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 382, Senate bill 1566.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 1566) for the relief of Arthur Sew Sang, Kee Yin Sew Wong, Sew Ing Lin, Sew Ing Quay, and Sew Ing You.

Mr. JOHNSON of Texas. The purpose of the bill is to grant the status of permanent residence in the United States to Arthur Sew Sang, Kee Yin Sew Wong, Sew Ing Lin, Sew Ing Quay, and Sew Ing You. The bill provides for the appropriate quota deductions and for the payment of the required visa fees.

The bill was favorably reported by the Committee on the Judiciary. I hope it will be passed by the Senate.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill (S. 1566) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Naturalization Act, Arthur Sew Sang, Kee Yin Sew Wong, Sew Ing Lin, Sew Ing Quay, and Sew Ing You shall be held and considered to have been lawfully admitted to the United States for

permanent residence as of the date of the enactment of this act, upon the payment of the required visa fees. Upon the granting of permanent residence to such aliens, as provided in this act, the Secretary of State shall instruct the proper quota-control officer to deduct five numbers from the appropriate quota for the first year that such quota is available.

ADMISSION INTO THE UNITED STATES OF CERTAIN ALIEN CHILDREN

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 383, House Joint Resolution 289.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 289) to facilitate the admission into the United States of certain alien children.

Mr. JOHNSON of Texas. Mr. President, before action is had on the joint resolution I should like to make a brief statement.

The purpose of the joint resolution is to grant to four minor children adopted or to be adopted by United States citizens the status of nonquota immigrants, which is the status normally enjoyed by the alien minor children of citizens of the United States.

The Committee on the Judiciary has carefully considered the measure, and recommended its enactment. I hope the Senate will act favorably.

The PRESIDING OFFICER. The question is on the third reading of the joint resolution.

The joint resolution (H. J. Res. 289) was ordered to a third reading, read the third time, and passed.

SHEW SHEI LAN AND CHOW SHONG YEP

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 384, Senate bill 1581.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 1581) for the relief of Shew Shei Lan and Chow Shong Yep, which had been reported from the Committee on the Judiciary with amendments in line 4, after the word "Act," to strike out "Shew" and insert "Sheu," so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provisions of sections 201 (a) and 202 (b) of the Immigration and Nationality Act, Sheu Shei Lan and Chow Shong Yep shall be deemed chargeable to the quota for the Asia Pacific triangle.

Mr. JOHNSON of Texas. Mr. President, the purpose of the bill, as amended, is to enable Sheu Shei Lan and Chow Shong Yep to enjoy the immigration status of persons born within the Asia Pacific triangle. The purpose of the amendment is to correct the spelling of one name.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Shew Shei Lan and Chow Shong Yep."

CECELIA VACCARO

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 386, H. R. 1451.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 1451) for the relief of Cecelia Vaccaro.

Mr. JOHNSON of Texas. Mr. President, the purpose of the bill is to enable a former native-born citizen of the United States to regain her United States citizenship which was lost by voting in a foreign election on April 1, 1946.

I hope the bill will be favorably acted upon.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill (H. R. 1451) was ordered to a third reading, read the third time, and passed.

ELLEN G. MARINAS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 386, H. R. 1765.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 1765) for the relief of Ellen G. Marinas.

Mr. JOHNSON of Texas. Mr. President, the purpose of the bill is to deem Ellen G. Marinas to be the minor alien child of her father, a citizen of the United States.

I hope the bill will be favorably acted upon. It has been favorably recommended by the Committee on the Judiciary.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill (H. R. 1765) was ordered to a third reading, read the third time, and passed.

ELDA MONDILLO

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 387, H. R. 1837.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 1837) for the relief of Elda Mondillo.

Mr. JOHNSON of Texas. Mr. President, the purpose of the bill is to deem Elda Mondillo to be the minor alien child of her father, a citizen of the United States.

The purpose of the bill, as amended, is to grant to the child adopted by citizens of the United States the status of a nonquota immigrant, which is the status normally enjoyed by alien minor children of United States citizens. The bill has been amended to clarify the language. They presently reside in Winchester, Mass.

The **PRESIDING OFFICER**. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF OF CERTAIN ALIENS

The Senate proceeded to consider the joint resolution (H. J. Res. 272) for the relief of certain aliens.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the *RECORD* at this point a brief statement concerning the purpose of the joint resolution.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

The purpose of the joint resolution is to grant the status of permanent residence in the United States to 7 persons, and to cancel deportation proceedings in the case of 2 persons. The joint resolution provides for the payment of the required visa fees and for the appropriate quota deductions, where necessary. In two cases included in the joint resolution, provision is made for the posting of bonds as a guaranty that the beneficiaries will not become public charges.

The **PRESIDING OFFICER**. The question on the third reading and passage of the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed.

WAIVER OF CERTAIN PROVISIONS OF THE IMMIGRATION AND NATIONALITY ACT

The Senate proceeded to consider the joint resolution (H. J. Res. 308) to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the *RECORD* at this point a brief statement concerning the purpose of the joint resolution.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

The purpose of the joint resolution is to waive the excluding provision of existing law relating to the commission of crimes involving moral turpitude in behalf of four aliens. In one case the joint resolution also waives the excluding provisions relating to one who has been deported and has received a visa by fraud. In one of the cases, the beneficiary is to be admitted to the United States temporarily for the purpose of marrying her United States citizen fiancé.

The **PRESIDING OFFICER**. The question is on the third reading and passage of the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed.

WAIVER OF CERTAIN PROVISIONS OF THE IMMIGRATION AND NATIONALITY ACT

The Senate proceeded to consider the joint resolution (H. J. Res. 274) to waive the provision of section 212 (a) (9) of the Immigration and Nationality Act in behalf of certain aliens, which had been reported from the Committee on the Judiciary with amendments on page 1, line 11, after the name "Gordano," to insert "and," and on page 2, line 1, after the name "Spensier," to strike out the comma and "and Mrs. Anna Hoczak Aumueller Cathey."

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the *RECORD* at this point a brief statement concerning the purpose of the joint resolution.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

The purpose of the joint resolution, as amended, is to waive the excluding provision of existing law relating to the commission of crimes involving moral turpitude in behalf of 16 persons who are spouses of United States citizens or lawfully resident aliens. The joint resolution has been amended to delete the name of one alien whose case was included in the joint resolution as it passed the House of Representatives.

The **PRESIDING OFFICER**. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (H. J. Res. 290) for the relief of certain aliens was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I ask that the joint resolution be passed over.

The **PRESIDING OFFICER**. The joint resolution will be passed over.

The bill (S. 2194) to increase the authorization for appropriations for the Hospital Center and facilities in the District of Columbia and for other purposes was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I ask that the bill be passed over.

The **PRESIDING OFFICER**. The bill will be passed over.

MUTUAL SECURITY ACT OF 1957

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I understand that the distinguished senior Senator from Wisconsin [Mr. WILEY], the ranking minority member of the Committee on Foreign Relations and former chairman of that fine committee, is present in the Chamber and

ready to address himself to the pending bill.

Mr. WILEY. Mr. President, I rise to support the chairman of the Foreign Relations Committee [Mr. GREEN] who has spoken on the Mutual Security Act of 1957.

The report itself goes into detail and shows the various items, so I shall not attempt to analyze, or even support, the various items specifically.

I have sat in this body time and again and listened to irresponsible criticism and put the label of "giveaway" on foreign aid. Time and again, I have seen magazine and newspaper articles pick up a few instances of mismanagement and then blast the whole aid program as a waste of taxpayers' money. I have seen the results of this irresponsibility in my own State and throughout the country. In fact, I am seeing it now. One of the candidates for the high office of United States Senator says he is coming down to Washington and do away with the whole foreign-aid program.

Let us see what the foreign-aid program is about. Let us go into the question from the standpoint of applying the law of self-preservation to this beloved country of ours.

Because so many people have used the expression "giveaway" there are many who wonder why we give away billions to foreign countries, when we need so many things at home, and when we could all stand a tax cut. I wish to answer that question very briefly.

By and large, the people are not being misled by this Nation. The people are wiser than some give them credit for being.

There are those who are being misled by erroneous statements of those who should know better, to the point where more and more they are ready to jeopardize the security—and I use that word advisedly—and the welfare of the Nation for a mythical saving on this program.

Those who are more interested in the sensational than the sane can take credit for this development. They can also prepare themselves for a fearful retribution from the American people, if their irresponsibility and misinformation should get this Nation into serious trouble.

The Nation is headed for trouble—and serious trouble—unless we get the facts straight on the mutual assistance program. What we need is a little less heat and a great deal more light. Let us have some understanding of what we are trying to do with the aid program before we start shooting at it from the hip. Let us find out in whose interest this program really is before we throw it out the window. Let us ask ourselves some searching questions. Is this program really foreign aid, or is it mostly American interest?

Those are the questions every citizen has a right to ask when he pays his taxes.

Let us take the first charge, that we are giving away billions of the taxpayers' dollars. That is enough to give concern to the American people and to the Congress, and it should.

But what we do find if we look below this sensational charge? We find, first, that almost all the money appropriated under the program is spent here in the United States. These funds are spent for tractors, for conveying, for mining, and for construction equipment, and for other products of our industry. They pay for aircraft, engines, and parts. They are used for shipping charges paid to American merchant marine companies. All in all, it has been estimated that 600,000 workers are employed in the United States, directly or indirectly, as a result of mutual aid expenditures.

These appropriations also go to buy wheat, corn, cotton—yes, and dairy products—for shipment abroad. At the present time, this country exports \$2 billion worth of agricultural products. Of the principal commodities, 60 or 70 percent are exported under one kind of aid program or another.

What does all that add up to? If we cut off these aid programs, we would have to figure out new ways of supporting the aircraft industry, the shipping industry, agriculture, and other economic activities. We would have to do this unless we were willing to see a serious industrial decline; unless we were willing to see the surplus of wheat and corn and other crops start mounting again.

Let me make it clear that I am not suggesting that the mutual aid program is or ought to be a make-work project or a device for disposing of agricultural surpluses.

The point I am trying to make is that most of the billions of so-called giveaways stay right here at home. They make an impact upon our economy. They provide jobs. They add to our economy. They add to the economic current of the Nation. They serve the American economy, as well as provide aid to friendly nations abroad. I say it is better for us to have this program, which can do some good in the world, instead of seeing American factories stand idle and to have food rotting in the warehouses.

Or perhaps the critics of this program would rather dump the food into the sea or burn it.

When products are sent abroad under the program, what are they used for? They go to feed the hungry. They clothe the naked. They help other nations to rehabilitate and develop themselves. They help our friends. They help them stay free. That is what they did in Western Europe under the Marshall plan. That is what they did in Korea and in Formosa and in the Philippines, and in Indochina. Is that what the critics object to?

Would they rather have this country try to maintain itself as an island of plenty and freedom in a sea of human misery and totalitarianism? How long do they think we could hold out in that kind of fool's paradise?

I might say parenthetically, Mr. President, that today it was my privilege to be the guest at a luncheon where there were some 8 or 9 fine young men from Minnesota, and 1 from my own State of Wisconsin. They are studying foreign relations and foreign policies. They asked some questions. One of them

said, "Senator, what is the difference in the world as between now and when you came to Washington some 18 years ago?"

I had to tell him that when I came to Washington it took 45 days to travel around the world; now it can be done in 44 hours. When I came to Washington, Wisconsin and Minnesota were isolated mentally and physically. Now there are only a few mental isolationists left. We are more vulnerable to attack over the great circle route than is New York City.

Then I discussed with these young people the fact that all this was before the bomb exploded at Hiroshima, when 90,000 lives were snuffed out. Now the H-bomb is many times more powerful. Now we are neighbor to every other nation in the world.

As a consequence, it is imperatively necessary that we appraise the facts and do what is necessary to secure our own safety. It is in the interest of our security that the mutual security program be put into operation.

They asked many other questions. The young mind is alert to the changed world conditions in which we live. I am glad to see it. What we are spending is contained in a budget which, compared to the national income, is the smallest such budget in years.

Then these young people asked, "Senator, are we not self-sufficient ourselves, and able to look after ourselves?"

I said, "Of course not. We do not have on this continent the necessary vital materials with which to build the things which are necessary."

I told them that that is one reason why, under the Eisenhower program, we have said to the Kremlin, "Keep out of the Middle East." That is where 70 percent of the known oil reserves are located. If the Kremlin gets control of that oil and can choke off Europe, it will have a passageway to Africa, where are found the highly vital strategic materials we must have.

Consequently, I had to impress them with the fact that we are not living unto ourselves; that we could not, if we tried. The world has changed. With that change there has come a change in our responsibilities. The mutual-security program is one of those responsibilities.

Let me say to those who contend we can live unto ourselves alone: Will we be able to stand alone in a world in which jet planes span the Atlantic in a matter of hours, when Milwaukee and Minneapolis are natural targets for guided missiles coming over the polar route from Russia, and when those cities are only 5 or 6 hours from the bombers in Siberia?

Therefore we must do the things that are necessary. We are spending from thirty-five to forty billion dollars on our military program. A part of the mutual assistance is the military program.

I say to the critics of the program: Do they object to the fact that it builds a degree of military resistance to communism? Would they rather we tried to provide the resistance all by ourselves? We could not do that.

That is what would be involved if we tried to do it. In the first place, the aid programs help other non-Communist

nations to maintain 200 divisions under arms. Do critics know what it would cost to enlarge our own Armed Forces by that number? The cost would run many times the price of the aid program. It costs something like \$3,500 a year to feed, clothe, and house the average American soldier under arms. It costs \$105 a year to feed a Turkish soldier. I have been told that for the price of maintaining 1 American division, it is possible to maintain 10 Turkish divisions. All these are facts which we must consider in the shrunken world in which we are neighbor to every other nation.

What price do the critics put on the bases in Europe, in the Middle East, and in Asia, which are essential to our military operations in the event of war? Do they think the friendly countries which make these bases available to us will meet us half way if we fail to meet them half way?

But more important than the dollars and cents considerations of foreign aid is the spiritual struggle in which the world finds itself. We are locked in battle for the loyalty and devotion of men to freedom and to totalitarianism. Mutual-aid programs foster an esprit de corps among free peoples everywhere. They strengthen the bonds of freedom. They help to knit the community of free nations closer together. We need friends in this world, just as other nations need friends. We can expect others to be friends and to be considerate of our needs only as we are considerate of theirs.

Let the critics of this program turn inward in their petty and narrow views of this program. They are out of step with the great majority of the American people. What is more, they have blinders on their eyes and do not see what the program has accomplished and will accomplish. They twist and distort the greatness of heart, the nobility of spirit, and the openness of the humanity of the people of the United States.

Once the American people know the whole facts, however; once they know that these programs are not an extravagant giveaway, but are a national necessity, they will support the foreign-aid program. They will know it is a program to keep America free. When the people understand that, they will support the mutual-assistance program. They will support it, as the Senate will support it, because it is in the interest of the United States of America, our Nation, and we in the Senate have the responsibility to make certain that we take the steps which are necessary to preserve our country in this atomic age.

It was not long ago, while the Committee on Foreign Relations was interrogating the Secretary of State, that I called attention to the fact that after Pearl Harbor the United States had 2 years in which to get ready to "pick up the pieces." I asked the Secretary how long we would have to get ready now.

He said, "It is only a matter of minutes. We have to be ready."

So, Mr. President, in considering what is needed for our self-defense, and to make us self-sufficient by building our-

selves so strong that no other nation will attack us, the mutual-assistance program is a part and parcel of that defense.

In the interests of freedom, humanity, and peace, I shall vote for the bill.

ADJOURNMENT TO 9:30 A. M.
TOMORROW

Mr. KNOWLAND. Mr. President, if there are no other remarks to be made, then, pursuant to the order previously entered, I move that the Senate stand in adjournment.

Mr. JOHNSON of Texas. Mr. President, I had hoped that some other Senators would be present to address themselves to this very important measure. I dislike to have the Senate adjourn so early.

Mr. KNOWLAND. There are some important committee meetings to be held this afternoon.

The PRESIDING OFFICER. The question is on the motion of the Senator from California.

The motion was agreed to; and (at 3 o'clock and 54 minutes p. m.) the Senate

adjourned, the adjournment being, under the order entered on June 10, 1957, until tomorrow, Thursday, June 13, 1957, at 9:30 o'clock a. m.

CONFIRMATION

Executive nomination confirmed by the Senate June 12, 1957:

SECURITIES AND EXCHANGE COMMISSION

Andrew Downey Orrick, of California, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1962.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 14, 1957
For actions of June 13, 1957
85th-1st, No. 102

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HIGHLIGHTS: Senate debated mutual security authorization bill. House committee ordered reported bill to provide improved methods of stating budget estimates. House committee reported public works appropriation bill. Sen. Murray and others proposed and Sen. Murray discussed measure for improved evaluation procedures of land and water resources projects. Rep. Doad introduced and discussed bills for increased disposal of surplus commodities.

HOUSE

APPROPRIATIONS. The Appropriations Committee reported H.R. 8090, the public works appropriation bill for 1958 (H. Rept. 552). pp. 8071, 8106

The Government Operations Committee ordered reported with amendment H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. p. D527

The Government Operations Committee reported with amendment H.R. 6900, to amend Sec. 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget by making special expenditure analyses of agency operations (H. Rept. 567). p. 8106

2. PEANUTS. A subcommittee of the Agriculture Committee ordered reported H.R. 6764, to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and H.R. 6570, with amendment, to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938 so as to remove green peanuts from marketing penalties. p. D526

3. FORESTRY. A subcommittee of the Interior and Insular Affairs Committee ordered reported H.R. 3358, to supplement the land-grant provisions of the Alaska Mental Health Enabling Act to permit the selection of certain public lands in Alaska. p. D527

4. ADVISORY COMMITTEES. The Government Operations Committee ordered reported with amendment H.R. 7390, to amend the Administrative Expenses Act of 1946 so as to require reports to Congress prior to the establishment of certain advisory committees. p. D527
5. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported with amendment H.R. 3233, to amend Sec. 22 of the ICC Act to limit the carriage, storage, or handling of property for the U. S., State, or municipal governments free or at reduced rates to periods during time of war or national emergency. p. D527
6. SMALL BUSINESS. The Banking and Currency Committee reported with amendment H.R. 7963, to extend the Small Business Act of 1953 (H. Rept. 555). p. 8106
7. BANKING. Received the annual report of the Board of Governors of the Federal Reserve System on 1956 operations. p. 8105
8. FOREIGN TRADE. Rep. Pelly discussed the effects of our trade embargo with Red China, including the amount of wheat and lumber formerly shipped to China. pp. 8098-99
Rep. Lane spoke in favor of legislation to give U. S. industries greater protection against foreign imports. pp. 8104-05

SENATE

9. FOREIGN AID. Continued debate on S. 2130, the mutual security authorization bill. pp. 8015-34, 8036-46, 8048-54, 8057-67
The Rules and Administration Committee reported without amendment S. Res. 141, extending to Jan. 31, 1958, the authority of the Special Committee to Study Foreign Aid Program (S. Rept. 435). p. 8005
Sen. Bennett inserted comments by ICA on an article by Eugene W. Castle which was critical of foreign aid spending. p. 8056
10. WATER RESOURCES. The Rules and Administration Committee reported without amendment S. Con. Res. 28, authorizing the printing of a compilation of materials concerning the development of water resources in the Columbia River Basin (S. Rept. 433). p. 8005
11. ATOMIC ENERGY. The Foreign Relations Committee ordered reported the Statute of the International Atomic Energy Agency (Exec. I, 85th Cong., 1st Sess.). p. D525
Sen. Pastore inserted the agreement and correspondence between the U.S. and Portugal concerning civil uses of atomic energy. pp. 8008-9
12. LANDS. Received a Calif. Legislature resolution urging passage of H.R. 5538, to provide that all military land withdrawals of over 5,000 acres must be approved by Congress. p. 8004
13. EXPENDITURES. Received from the National Assn. of Credit Men a resolution favoring reductions of expenditures. p. 8004
14. FLOOD CONTROL. Sen. Yarborough inserted a letter from the Region 5 Administrator, Civil Defense Administration reporting on the damage suffered in the recent floods in Texas, and commented: "The moral is plain; Flood control construction pays for itself in some areas in 1 year." pp. 8011-13

SENATE SUBCOMMITTEE ON
DISARMAMENT

Mr. MANSFIELD. Mr. President, in the June 1, 1957, issue of the Washington Post and Times Herald there appeared an editorial entitled "Keep It Going." This editorial referred to the work of the Senate Subcommittee on Disarmament, of which the Senator from Minnesota [Mr. HUMPHREY] has had the privilege of being chairman during the past 18 months.

I ask unanimous consent that this editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

KEEP IT GOING

On June 30 the Senate Subcommittee on Disarmament is scheduled to go out of existence unless its life is prolonged. We think that in one form or another the work of the subcommittee ought to be continued. Since its creation nearly 2 years ago, the subcommittee under the chairmanship of Senator HUBERT HUMPHREY has conducted extensive hearings and published some extremely useful studies in the general area of arms control. It has been valuable in broadening the knowledge of its members in both parties. The cost has been insignificant, and the subcommittee's contributions to greater understanding of the issues ought to be maintained, especially in view of the hopes for some sort of limited agreement with the Russians.

The simplest course would be to extend the subcommittee as an offspring of the Senate Foreign Relations Committee. If, however, the Foreign Relations Committee is reluctant to continue a standing subcommittee, it might be possible to reconstitute the body as a special committee of the Senate. Notwithstanding the emphasis in the LaFollette-Monroney Act on avoidance of special committees, the disarmament unit already has more or less this status since it cuts across committee lines. It is composed of members from the Foreign Relations and Armed Services Committees as well as from the Joint Committee on Atomic Energy. Whatever the precise formula, the work needs to be kept alive as a symbol of the Senate's concern with a subject that affects every American.

MUTUAL SECURITY ACT OF 1957

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. MORSE. Mr. President, yesterday, several speakers representing the majority side on the mutual-security bill presented their points of view. It has been suggested that I make the first speech this morning and present some of the minority points of view. That I shall do. I thank the Senator from New Jersey [Mr. SMITH] for his courtesy in allowing me to present these minority views, and I understand the Senator from New Jersey will then follow with the presentation of further majority views. Mr. President, I shall make this speech without yielding for any interruption, so that my views may be presented in continuity in the RECORD, save and except for possible yielding at a later time to the majority leader for a matter not connected with my speech.

I
BACKGROUND OF FOREIGN AID BILL

Mr. President, the Committee on Foreign Relations has reported S. 2130 favorably to the Senate. I voted against this bill in committee and submit herewith, for the consideration of the Senate, the reasons for my opposition.

Let me make clear at the outset that I yield to no member of the committee in my support of the concept of mutual assistance among nations. I am not unaware that in the kind of world in which we live our own safety as a nation is closely linked with the safety of other nations. I am not deaf to the sound of jet bombers and missiles overhead, and their implications for our international relations. Nor am I blind to the dangers to freedom implicit in the expanding power of totalitarian communism. I realize fully that the world changes into an ever-closer unit under the compulsion of technology. I know that these changes have required unusual measures of assistance to other nations and new ties with other nations and I have supported such measures and ties many times in the past. I shall support them again in the future. I shall support them, however, only when it is clear to me that such measures are essential to the national interest and the welfare of the United States. I shall support them only when they do not do violence to the spirit of the Constitution. I shall support them only when they are designed and pursued in accordance with the due processes of our system of government.

When one of these measures or ties contributes, however, to a rising tide of anti-Americanism throughout the world—as foreign aid has contributed in recent years—I believe the time has come to pause and take stock. When foreign aid degenerates into a ritual of annual appropriations of vast sums of the taxpayers' money without clear and adequate understanding or concern as to reasons for the expenditures, it is time to ask, What for? When billions of dollars are used to arm and support nations which have little sympathy with freedom, it is time to look very closely at the course on which we are embarked. When military and political aid goes to Communist or other totalitarian countries of one stripe or another on the theory that we are building alliances in defense of freedom, it is time to ask ourselves what kind of alliances? On what side will these allies be if the bombs begin to fall?

When the Congress goes on year after year delegating ever-increasing authority over vast sums of money to the executive branch, it is time to ask what is happening to constitutional processes. What is happening to the authority of Congress over the Nation's purse strings?

These questions have troubled many Members of the Senate. Read through the debates of the past 2 or 3 years on foreign aid. In page after page the doubts are recited. The amount is too high. Aid in too many instances is making enemies, not friends of their people. Congress is recklessly abdicating its powers to the executive branch. Millions of dollars are being wasted on arms and other aid which may someday be turned

Mr. President, I mention this matter because the headquarters of the union in question, the International Woodworkers of America, is in Portland, Oreg., near the vast forests from which most of its members win their livelihood, and because I am well acquainted with President Hartung of the woodworkers, who is typical of the best of American trade-union leadership.

I ask unanimous consent to have this letter of correction printed in the CONGRESSIONAL RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERNATIONAL WOODWORKERS
OF AMERICA,
Portland, Oreg., June 6, 1957.

Hon. STYLES BRIDGES,
United States Senate Building,
Washington, D. C.

DEAR SENATOR BRIDGES: I have before me a copy of the Daily Labor Report, Special Supplement No. 15, entitled "Salaries and Years in Office of American Labor Leaders," a report of the Senate Republican policy committee staff, dated May 1957 (official text).

In the text of your statement you make the comment that "the salary figures are not derived from any investigation by either lawyers or accountants, but are rather figures furnished by the Unions themselves." It is quite obvious that you gathered this financial information from the forms filed with the Department of Labor and it should be noted on this form that it requests listing the aggregate compensation and allowances exceeding \$5,000 during the preceding year of the individual union's three principle officers.

Our organization, the International Woodworkers of America, not only list the three principal officers, but we list all employees of our organization who receive an aggregate compensation and allowances exceeding the \$5,000 figure.

I note, however, that in listing the name of our organization, the International Woodworkers of America, under the column listed as salary for our international president, Mr. A. F. Hartung, you have the figure \$14,785.13. Now the form filed with the Department of Labor does not request the filing of the salary only of the three principle officers of a labor organization. To the contrary, it requests the aggregate compensation and allowances paid. I have filed the information requested and so stated on the form by the Department of Labor and in the case of A. F. Hartung, president of the International Woodworkers of America, while you state in your compilation that his salary was \$14,785.13, the truth of the matter, and as filed on the form with the Department of Labor, this was his salary and in addition, his total expenses for the year. In other words, Mr. Hartung drew a total salary of \$9,100, which is based on a rate of \$175 per week.

In addition his expenses were paid of \$5,685.13, which made a total of \$14,785.13. The expenses of \$5,685.13 represents plane, train, and lease automobile expense, a per diem of \$8 per day for meals and incidentals when away from his international headquarters, telephone, and telegraph expense.

I am therefore requesting that you make a correction to show the true salary paid to our international president, Mr. A. F. Hartung, which is \$9,100 per year.

Thanking you for your assistance, I am
Sincerely yours,

WILLIAM BOTKIN,
International Secretary-Treasurer.

Mr. NEUBERGER. In conclusion, we all hope for the early recovery of the Senator from New Hampshire following his hospital confinement.

against us, as it was in the Chinese Communist aggression in Korea.

All these doubts and others are what has been troubling Congress in approving foreign aid in recent years. It is no wonder that from year to year the votes against this policy have been increasing in both Houses of Congress.

What has been done to remedy this situation? Last year, in an effort to resolve the doubts, the Senate created a Special Committee To Study the Foreign Aid Program. That committee was composed of all the members of the Foreign Relations Committee—including the same members who have voted to report S. 2130 favorably to the Senate—and in addition the chairmen and ranking minority members of the Committee on Appropriations and the Committee on Armed Services.

The special subcommittee spent almost a year in intensive study of every aspect of foreign aid. In the end, it brought in an unanimous report.

I stress that point, Mr. President. The subcommittee brought in a unanimous report. Its report set forth in detail the weaknesses, the fallacies, and the dangers which had accumulated in the aid program. It recommended that the aid program be continued if—Mr. President—if these weaknesses, fallacies, and dangers were eliminated and it outlined a series of recommendations to bring about the necessary changes. Its findings were realistic and its recommendations were constructive.

The administration paid lip service to the work of the special committee. The administration acknowledged the need for most of the changes which the special committee declared were imperative for the continued usefulness of the aid program. Then the administration proceeded to perpetrate a gigantic hoax on the Senate and the people of the United States. The legislation which it asked the Congress to approve gave the appearance of reform of the aid program in line with the special committee's recommendations. In actuality, however, it perpetuated to a large extent the same kind of bureaucratic structure, the same kind of senseless waste of millions of dollars of taxpayers' money in futile and costly activities throughout the world. And it sought to remove even more of the few remaining restraints and controls which Congress still exercises over this program.

The Committee on Foreign Relations made some improvements in the measure as it was drafted by the executive branch. They are, in my opinion, only superficial improvements. They do not deal with the real problems inherent in this legislation. They do not stop the senseless waste of public funds on dangerous programs. They do not direct the preponderance of this aid into constructive relationships with the peoples of other lands. They do not put an end to the erosion of congressional controls over the aid program.

S. 2130 was a bad bill when it was introduced in the Senate. It is still a bad bill as it comes from the Committee on Foreign Relations. The committee, in its treatment of this legislation, has

accommodated the administration but it has done so by ignoring in large measure the key recommendations of the Senate's own Special Committee To Study the Foreign Aid Program.

SPECIAL SENATE STUDY IGNORED IN THIS BILL

I digress to say, Mr. President, that this has been a very interesting bit of behavior on the part of the members of the Committee on Foreign Relations. It is an example of Senators wearing two hats, and two coats, and of exchanging them at intervals. They put on a hat and a coat—each and every one of them—as members of the Special Committee To Study the Foreign Aid Program, and they wore them for 11 months while they made the study. They came forward with a series of very constructive recommendations for the improvement of the foreign-aid program.

Then they took off their hats and coats as members of the special committee and put on their hats and coats as members of the Committee on Foreign Relations to deal with the legislative proposals, and they proceeded, with these hats and coats on, to ignore many of their own recommendations as members of the special subcommittee.

I think the Committee on Foreign Relations had a duty to the Senate either to come forward and carry out the recommendations of the special study, or to proceed to tell the Senate why those earlier recommendations which they had agreed to are not desirable. That is a kind of Dr. Jekyll-Mr. Hyde performance which it is impossible for me to understand in the legislative process.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. No. I said at the beginning of my speech that I would not yield until I had completed it; then I shall be happy to yield.

EXCESSIVE SIZE OF AUTHORIZATION

In the President's budget for fiscal year 1958 the sum of \$4.4 billion was projected for foreign aid. After a wave of protest had spread through the United States and the Congress at the size of this figure, the President announced a reduction of \$500 million in the military aid aspects of foreign aid. The contention was made before the committee that this was a genuine reduction in foreign aid. No administration witness, however, provided convincing testimony that this was actually the case. I am satisfied, Mr. President, that it was not the case.

The evidence suggested on the contrary that the administration had merely asked for \$500 million too much for military aid in fiscal year 1957, which it could not spend in that year. If it were permitted to carry over that amount, it then could do with a budgetary estimate \$500 million less in fiscal year 1958.

The administration did ask for the carryover authority, and S. 2130 grants that authority.

This administration has been seeking to give the American people the impression that it has reduced its military-aid program by \$500 million. I say that in fact it has not done so. I say that in

fact all the administration did was to engage in a little bookkeeping transfer. The truth is that the administration asked for \$500 million too much for 1957; it could not spend it. So it sought to have that amount transferred into 1958, and this bill does that. The \$500 million saving is a bookkeeping transaction made possible by extravagant budgetary estimates in fiscal year 1957. It is not a reduction in military aid.

It is of the utmost importance that in presenting to the American people our figures about budgetary amounts we should always be completely intellectually honest with them about what we are doing.

The committee did make a real cut in the total request for foreign aid. It reduced the measure overall by about \$227 million.

I noticed that the majority leader in his remarks earlier this morning spoke about a saving of an amount of more than \$700 million or \$800 million. But he is including in that, of course, the \$500 million bookkeeping transaction, to which he adds, apparently, the \$227 million saving by the committee.

I respectfully say to the Senate that the only real saving in the bill is the small \$227 million cut which the committee made, not the alleged \$500 million reduction claimed by the administration.

I do not wish to belittle the saving by the committee of \$227 million, but I do question its adequacy. It is but a spit-in-the-ocean of foreign-aid waste.

MILITARY AID

The largest grant of foreign aid (as distinct from loans) is contained in title I of S. 2130. This title authorizes \$1.8 billion for military aid, a figure which represents only a \$100 million reduction in the President's request. To obtain the true picture of what is really available for military aid, however, it is necessary to add the \$500 million carryover of military aid from fiscal year 1957 to this figure. What this bill now does is to permit the President to spend \$2.3 billion, not \$1.8 billion for military aid in fiscal year 1958. It goes further, moreover, and authorizes an additional \$1.5 billion for military aid in fiscal year 1959.

How are these funds to be spent? They are to be spent to supply arms and ammunition to nations from one end of the globe to another. They will be used to build up the armed forces of both democratic nations and totalitarian nations, advanced nations and primitive nations, friendly nations and those that are not so friendly—and all in the name of the defense of freedom.

Will the people of the United States know to what nations and in what amounts this military aid is being supplied? They will not know because this information is concealed under the official stamp of "secret."

I have lodged a protest in the committee against this practice and I lodge another in this report. The committee has heard, in my opinion, no convincing reason for these figures to be hidden under the imprimatur of secrecy. They are

fairly well known in foreign countries. They are often discussed as common knowledge in foreign countries. Yet Congress is enjoined from having them in public. The people whom Members of Congress represent cannot even know what their Representatives are voting for.

It is my opinion that if the American people knew the details about the expenditure of their tax dollars by this administration in foreign aid, their protests would be so vehement and demanding that the Congress would be forced by political repercussions to revise drastically the foreign aid program. I am convinced that if the American people know the facts that are now kept from them by the use of the label of political expediency called top secret, they would demand a cutback in foreign aid expenditures and a revision of foreign aid policies.

Mr. President, I repeat, in a democracy there is no substitute for full public disclosure. If the government of a democracy is to live up to its obligation of being the people's government, the people must know the facts. It is a matter of great regret and deep sadness to me that I have to report today to the American people, "You do not know the facts behind this bill; and the reason why you do not know them is that you have over you an administration which insists that the details of these expenditures and the purposes to which they are to be put in many, many instances must be kept from you, and the administration does so on the pretense that the security of our country would be jeopardized if the American people knew these facts about the administration of their own Government."

Mr. President, I deny that. I do not say that there is not some information so secret that even the American people cannot be given it because the issuance of the information would be an aid to a potential enemy who might threaten the security of the American people. But, Mr. President, after 8 years of service on the Armed Services Committee of the United States Senate, and now with more than 2 years of service on the Foreign Relations Committee of the Senate, I am convinced that at least 85 percent of the information which is kept from the American people under the label of "top secret" is not in fact top secret at all. Instead, it is information which the taxpayers, the voters, the people of the United States, who own the Government should have.

TREND TO ADMINISTRATIVE SECRECY MUST END

Mr. President, this trend is not limited to the present administration alone; instead, the trend toward the adoption of police-state methods in the United States of America has been going on now for too many years; but in the past few years it has taken on the speed of a galloping stampede across the Nation.

Therefore, Mr. President, from my desk in the Senate of the United States, today I tell the American people that they had better be on guard against it, and that they should also remember the lesson and tradition of American history; namely, that in America there is

no room for a military junta. There is greater safety for democracy in democratic processes and procedures than in military processes and procedures. I repeat that there is greater safety for the American people and the perpetuation of freedom in America by strict adherence to our democratic processes, based upon our great constitutional system of checks and balances, than there is in the forms and practices of a military organization.

I am not one to say that military support and defense and programs are not important. But the American people are being subjected to a type of fear argument, to the effect that if they do not put their trust in the military, or the military leaders, or executive heads who purport to speak in the interest of military defense, then the security of the American people may become endangered.

In my judgment we have already gone too far, Mr. President, in investing our trust in the military arguments of the present administration and in advancing its military policy. I shall say it later in this speech, from my manuscript, but I now make the point, in connection with this matter, that one of the sacred cows of this administration is the military budget, and it is time for the American people to insist upon the most thoroughgoing investigation of the military affairs of the Government. The military budget must no longer be shrouded in secrecy, as it presently is. The American people had better find out quickly what is happening to them militarily. And so, as one who in the past has voted for adequate military defense, and as one who will continue to vote for adequate military expenditures, I shall, as a constitutional liberal in the Senate, insist that the American people be given more of the facts about military expenditures. When they get the facts, Mr. President, the people will demand two great changes, in my opinion. First, they will demand a cessation of military expenditures in some areas of the world, on the part of the American Government, which do not strengthen freedom in the world, but which strengthen totalitarianism. I hold to the point of view that the time has come when the American Government should be supporting freedom and free governments, not totalitarian governments.

Second, once the American people get the facts about what is happening to their present military expenditures, I am also satisfied they will insist that their Congress eliminate the hundreds of millions of dollars inexcusably wasted in such expenditures.

He undoubtedly will be heard from later in this debate, but I had a conference yesterday with a distinguished Member of the Senate whose judgment on military matters I would not admit is surpassed by that of any other Member of the Senate. He pointed out to me, in our conversation, that his work in the Senate convinces him that one of the places where millions and millions of dollars, running into the hundreds of millions, are wasted, is in connection with so-called defense contracts. In my

opinion, a thorough investigation by the Senate is needed of the procedures presently employed for defense contracts.

Therefore, so long as I feel that the foreign-aid program is not being administered in keeping with a basic safeguard of democratic procedure, namely, full disclosure to the public of governmental facts, I shall continue to oppose the policies of government by secrecy which this administration follows to far too great an extent.

One reason for my dissent from the recommendations of the majority of the Foreign Relations Committee members is my belief that the committee should insist on a greater degree of public disclosure of the facts concerning the places where the money is to be spent and the purposes for which it is to be spent. The money we are dealing with in this bill does not belong to the Congress of the United States; it does not belong to the President of the United States; it belongs to the people of the United States, and they are entitled to know what is being done with it in great detail.

BILL DOES NOT MAINTAIN CONSTITUTIONAL CHECKS

If we are to keep this country free and avoid a trend to government by men instead of strengthening government by law, Congress must not abdicate its constitutional duty to exercise checks upon the executive branch of the government. The majority of the committee cannot cover up with language the fact that in essence it is recommending an increased delegation of arbitrary discretionary power to the executive branch of government, and in particular to the President of the United States. This delegation of power goes far beyond the delegation of administrative duties necessary to carry out congressional policy. The delegation of power to the Executive inherent in the position taken by the majority of the committee is a delegation of legislative policymaking power to the President of the United States over foreign economic and military aid. It is a dangerous principle. It endangers our historic concepts of constitutional checks and balances. It endangers the legislative process because it amounts in part to authorizing the executive branch—under the guise of carrying out administrative functions—to in fact make legislative policy decisions.

The proposal of the majority to require the President to file reports with the Congress advising the Congress as to what action he has taken or in some instances what action he proposes to take in carrying out the foreign-aid program is not an effective check upon rule by the Executive. It is at best a proposal to lock the stable door after the horse has been stolen.

The Presidential report filing procedure involves a serious weakening of a historic policy precious to the rights of free men and women that under our Constitution legislative decisions are for the Congress, and the administration and execution of legislative policies in conformity with the spirit and intent of Congress are for the Executive.

If Senators want proof of the point I make, that the filing of reports by

the President is an empty gesture, I invite Members of the Senate to go downstairs to the Foreign Relations Committee room and to examine the reports the Executive has filed on the commitments and expenditures in connection with execution of the Eisenhower doctrine in the Middle East.

What do we find, Mr. President? We find reports filed by the Executive containing the most glittering generalities. When a person gets through reading one of these reports, he knows no more about what has happened to the money than he knew before he started, because he does not have to go to the committee room to know that the money would have to be spent for items in certain categories, such as highways, utilities, arms, and ammunition. When a person gets through reading a report that tells him no more than that, what does he know? He knows next to nothing. But what we are entitled to know, Mr. President, is, in detail and specifically, exactly what the money was spent for or how it is proposed to be spent. That is what we should know.

Of course, if Congress were not abdicating its legislative functions, and if an annual authorization were required, at least representatives of the administration would have to come before a committee and submit a blueprint of the specific details of the proposed expenditures. But in an escape of responsibility, the gimmick and subterfuge is adopted of having the Executive file a report, so the Executive meets the requirement without, in effect, in fact telling us very much about what the administration has done with the money or what it is doing with the money.

No, Mr. President, we cannot justify an abdication of congressional legislative responsibility by saying, "We vote the money for the President, and we have put in the bill a requirement that the President shall file a report and tell us what he has done with it or proposes to do with it."

Secondly, the weakness in this procedure, Mr. President, is that it does not carry with it any requirement that the President obtain approval of his proposed expenditures when he files his report.

"Oh," says the majority in debate in the committee, "but it means, of course, that at least we have notice and we can take affirmative action, if we wish to, thereafter."

I do not know whom they think they are kidding, other than the American people. They are not kidding me, Mr. President. No Member of the Senate should be kidded by that rationalization, either, because we all know what happens. When we pass a piece of legislation like this it is behind us. Then we are almost smothered with additional pieces of legislation and legislative duties, which come before us each day. The fact is, it is forgotten. Bad practices can continue for a long time under this kind of abdication or delegation of legislative responsibility to the Executive, and the Congress will be quite unaware of them.

That was not what was intended, Mr. President, when our system of checks and balances was established. That was not what was intended when full legislative responsibility and authority were vested in the Congress. What was intended by the constitutional fathers was affirmative action on the part of Congress in regard to each legislative proposal, at the time the request was made for funds to be provided in that proposal and to be spent under it. That was the intention.

The procedure proposed is a way of undercutting the precious check requiring affirmative action on the part of the Congress of the United States in respect to executive activities. We cannot check the Executive in any other way, be he Republican or Democrat. We cannot check him unless we protect and preserve the check. In this bill, I respectfully say, Mr. President, in my opinion, the majority of the committee is voting away one of the most precious checks the American people have against arbitrary, capricious, and discretionary conduct on the part of any executive.

Mr. President, as one who taught both legislation and constitutional law for years, I cannot walk away from my deep conviction and understanding of the Constitution, as I believe it was intended to be practiced and carried out by the Constitutional Convention which wrote it.

Oh, I know, I am dealing with an abstraction. When we start arguing in the Senate of the United States about these very precious abstract constitutional principles, those who wish to see them eroded away or delegated away are fully aware of the fact that the men and women on the streets, in the factories and in the homes of America will probably not take the time to interest themselves in abstractions, because the vicissitudes of life, constantly thrusting themselves upon the average citizen, are so time consuming that the average American citizen thinks usually in terms of specific personal matters—taxes, broken sidewalks in front of the home, garbage disposal problems, police protection—the day-by-day matters which constitute most of the contacts between the citizen and his government, local State, and Federal.

But, Mr. President, as abuses continue to accumulate, American history shows that finally there comes a time when people wake up to the fact that mismanagement, malfeasance, and violation of abstract principles of government have been going on for too long, and then the people are heard from. I happen to believe that one of the obligations of statesmanship in the Senate is to try to avoid such periods of serious repercussions in the body politic.

But I warn the Senate today that if the Congress of the United States continues, as it does in this bill, to ignore the precious checks protecting the people from the arbitrary discretion of an Executive, the time will come when the people will rise up and ask the question: "How come? Where were you? Where were you, as my Senator, when such proposals

were before the Senate of the United States?" Then the people will act.

So in this speech today, Mr. President, I am sure I speak more to the American people than I do to the United States Senate, because I am not unaware of the fact that in all probability, although I continue to hope for something better, the die has been cast on this bill. But the record against it must be made, and the record against this delegation of legislative policymaking functions must be made. I shall be perfectly willing to stand on that record, and be judged by it not only in my State but throughout the Nation.

I have heard, Mr. President, from too many scholars in the field of constitutional law to have any doubt as to the soundness of the position I am taking in opposition to this delegation of authority to the executive branch of Government. What we do here today, Mr. President, or when this bill comes to a final vote, will be the basis for a considerable amount of scholarly writing in the field of legislation and constitutional law because, Mr. President, in my judgment this bill cannot be reconciled with sound constitutionalism. If we are to keep this country free and avoid a trend to government by men instead of strengthening government by law, I repeat that Congress must not abdicate its constitutional duty to exercise checks upon the executive branch of Government.

For too many years now, in our country, under both Democratic and Republican administrations, there has been an eroding away of legislative responsibility clearly vested in the Congress by our constitutional fathers. It must stop if we are to preserve the position of Congress in our constitutional system of government. We should start with this foreign aid bill by modifying those parts of it that seek to expand arbitrary and discretionary power of the executive branch of the Government in the determination of foreign aid policies.

The testimony before the committee gives no evidence of any overriding security reason for secrecy on how much money is given to each country for military aid. It may be a convenience for the executive branch not to have to tell the people of the United States how many millions of their hard-earned dollars are going to Yugoslavia, to Spain, to Pakistan, to Formosa, to Japan. It may be a convenience to that branch but it is an inexcusable affront to the democracy of the United States.

DEFENSE SUPPORT ALSO EXCESSIVE

The second largest item of gifts included in the bill is \$800 million for defense support for fiscal year 1958. Again, this represents a genuine committee reduction of \$100 million from the President's request. But again, the committee has gone further, at the request of the executive branch, and has already authorized an additional \$710 million for defense support in fiscal year 1959—2 years hence.

Defense support, as the executive branch emphasizes, is made necessary only because of the military aid we give to other countries.

A substantial part of the defense support program consists of sending spare parts to the countries which have military weapons which we have made available to them under the military aid program. I think I am permitted to say also that a large part of it goes to help pay for their own domestic military expenses—in some instances even the wages of their soldiers. We call that military defense support.

Those countries cannot support the armed forces that our military aid makes possible so we are compelled therefore to give them economic aid to sustain the burden of these forces. Thus, the vicious cycle is complete. The taxpayers' funds are poured out for military aid. Then hundreds of millions more are added for defense support so that military aid can be continued. Thousands of officers of the armed services go overseas at high pay and privilege to administer the military aid. Then hundreds of civilians go over at high pay and privilege to administer the defense support that makes the military aid possible. All the while, most of the peoples of the recipient countries just manage to keep their heads above water while a few manage to get rich on the parade of American military and civilian officials and the streams of dollars pouring into these countries, all at the expense of the American taxpayers. Necessary reforms are put off. Recipient governments are under no pressure to be responsible to their peoples since American aid can always be counted on to rescue them. They are under pressure to keep their armies big so American dollars will keep on coming. This is, to say the least, a fantastic formula for futility.

Is it any wonder that the tempo of opposition to foreign aid quickens among the people of the United States? Is it any wonder that the tide of anti-Americanism rises throughout the world? Is it any wonder that riots against the United States break out in Formosa, one of the chief recipients of aid?—in fact, a recipient so receptive that in many parts of the world Formosa is called a satellite puppet state of the United States. But the puppet broke a string or two a while back, and engaged in a riot against the United States. We know that strong anti-American feeling exists in Formosa, but I ask the question, Do we know all the facts? Have we been given all the facts about unfortunate conditions which exist in that area which, in some parts of the world, is referred to as a satellite of the United States?

Yet, when the Senator from Montana [Mr. MANSFIELD] proposed in committee that military aid and defense support, together, be reduced a total of \$800 million, in an effort to curb this strange and costly procedure, his proposal was rejected by the Committee on Foreign Relations. The committee majority contented itself with a mere reduction of \$100 million for each type of aid.

In doing so, they accommodated the executive branch but they did not give adequate attention to the observations of the special committee. The report of that committee had raised the whole

issue of how well military aid and supporting aid were integrated into our strategic concepts of national defense and our foreign policy generally.

Many of the special committee's observers had raised questions as to the level of armaments being fostered in some countries. They had also pointed out that in some cases the types of arms were ill suited, too complex, and too costly for these countries.

But we continue to send it, at great expense to the American taxpayer.

They had indicated the dangers of military aid promoting a competition among recipients for ever-increasing amounts of arms from the United States and ever-increasing amounts of defense support aid in order to maintain those arms. Finally, the special committee report and the hearings before the Foreign Relations Committee on this bill leave no doubt that unrealistic exchange rates are adding tens of millions of dollars annually to the cost of defense support to the people of the United States while enriching a few speculators and importers in the recipient countries.

This country needs allies and, in some cases, extraordinary military and support aid may be necessary to assist them in resisting dangerous totalitarian pressures from within and without. That was true when NATO was organized.

I was one of the ardent supporters of NATO. I can remember, as though it were yesterday, the historic speeches made by the great Arthur Vandenberg of Michigan in support of NATO. I was proud, as one of his disciples and students, to participate in that debate, to which he refers in his autobiography, because I knew then, as I still know, that NATO is of great importance to the security of my country. But that does not justify waste in its administration. There is terrific waste in its administration, and there has been terrific waste from the beginning. I want a sound foreign aid and military aid program, not a wasteful one.

This country does not need and should not seek, perpetual dependents anywhere in the world. If our aid tends to produce a continuing and increasingly expensive dependency in any country, then it does violence both to our best interests and to the best interests of the peoples in the recipient countries. Aid in this pattern may help to prop up an irresponsible government which professes friendship for this country and flatters the administrators of this program. Sooner or later, however, the people of this country will pay a terrible price for this unmitigated folly.

CONTINUATION AUTHORIZATIONS IGNORE CHECKS BY ELECTION

As already noted, this bill authorizes not only excessive appropriations for fiscal year 1958, but it goes beyond that and authorizes large sums for fiscal year 1959. What this means is that next year military aid and defense support will not be reviewed by the Foreign Relations Committee and the Armed Services Committee. The amounts which may be requested in fiscal 1959 will be

reviewed only by the Appropriations Committee.

In my judgment, that is an inexcusable delegation of legislative obligation and responsibility. In my judgment, we should annually review these requests and annually take action on them. Why? What is the purpose of a national election? One of the purposes of a national election is to give the people at the voting booths a check upon Congress. We will have a national congressional election in 1958. Senators must realize what we are doing in the pending bill. We are making commitments beyond that election. We are making commitments for 1959.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). May the Chair inquire what explanation the majority gave for granting the authority into the year 1959?

Mr. MORSE. I should like to say to the distinguished occupant of the chair that, although I should like to answer his question directly, I stated at the beginning of my speech that I would not yield for questions until I have concluded my speech. I shall come to that point later in my speech. In fairness to other Senators who have asked me questions, I would prefer not to answer that question at this time.

The PRESIDING OFFICER. The Chair did not understand the situation.

Mr. MORSE. I am sure the Chair will get the answer as I proceed with my speech. I should like to dwell a little longer on the point I was making.

One of the things we must keep in mind is the relationship of the ballot box to Congress, as a check on Congress. We need to keep in mind the history of our whole election system. We must not forget that the Founding Fathers and the people of their times not only feared an arbitrary Executive, but they also feared—and had great fear, I may say, Mr. President—of a legislative branch of the Government on which the people did not exercise a direct check. These fears were born of experience.

Therefore they wrote into the Constitution a series of checks. For example, they established limitations on the length of the term in the House and in the Senate. It is very interesting to read the constitutional debate in regard to this check. People had in mind that they wanted to protect themselves by a check on Congress itself, by the requirement that the Members of the House shall stand for election every 2 years, and the Members of the Senate every 6 years.

As we read the debates, we cannot escape the finding that the people looked upon a Representative as the direct representative of the people in his local district, and that they looked upon a Senator, not as the representative of the people of his State alone, but as a representative of the national interest as well. That is why—and I believe this is very interesting in its bearing on the relationship between Members of Congress and their constituents in the early days of our country—there was a time in our history when the common practice was for a Representative to bring a

visiting constituent to the office of the Senator. The constituent did not think of going to the office of the Senator, except by first going to the office of his Representative and usually having the Representative take him to the office of the Senator. Now, I sometimes think, the reverse is true. However, that shows the change in protocol, so to speak.

Coming back to the point I was making, the provision for a 2-year election is a very important people's check upon Congress. In the preelection campaigns just such issues as I am talking about are bound to be raised in many parts of the country, if not throughout the country. In those campaigns the people, who, after all, are the reservoir of democracy in America, have the right to express themselves at the ballot box as to what ought to happen in the matter of foreign-aid funds. But under the pending bill we seek to bind them beyond the election, into 1959. I do not believe that is consonant with what I consider to be the American system of checks and balances.

The majority does not satisfy me, any more than did the Secretary of State, with the argument that it is desirable to have a longer period of time in which to make plans for future expenditures.

It is possible to have blueprints for a longer period of time, but the blueprints ought to rest upon our making it clear to every foreign country involved that they depend upon an almost religious adherence to the precious checking principle of democracy. We can say that such is our plan, but it is dependent upon the annual review by the elected representatives of a free people, to determine if it should be changed. I know of no good reason why this Congress or any other Congress, sitting at a given time, should be allowed to proceed with a program which binds not only future Congresses, but binds the American people for future years beyond the time when they have a check on Congress in an election at the ballot box.

That is one of my major points. I happen to believe that foreign-aid appropriations should be in issue in 1958. The people should have a chance to elect their representatives on the basis of what they think the foreign policy should be. They should not be put in the position where they may elect a group of representatives who do not agree with the policy or philosophy of the bill, and then have those representatives bound because Congress has already obligated the money and committed the Nation into 1959. Cannot Senators hear the argument that will be made if we then try to change it after we have made the commitment? Cannot Senators hear the argument that will be made on the floor of the Senate? Mr. President, the eagle up there on the ceiling would almost flap its wings at the arguments that would be made about the honor of our Nation. We would be told that we were honor bound, because we had committed ourselves into 1959. That is an old strategy. We must not let it fool us. That would be the alibi of those who wanted to erode the legislative processes of Congress. There is no reason in the world why we cannot

work out a blueprint project into the future and present it as what our plans will be if—I say if—a Congress representing a free people believes that further funds should be authorized and appropriated to extend and carry out that program. But if we can authorize it for 2 years, we can do it for 4 years. If we can do it for 4 years, we can do it for 6 years. Where will we draw the line?

Mr. President, I am not at all convinced by the argument I heard in committee, "Oh, but this is a matter of degree." So often we hear the argument that it is a matter of degree. I say it is either right or wrong. I do not believe in degrees of right or wrong. I believe we have a duty to be right with the Constitution, not half right with it. We ought to keep full faith, not part faith, with the checks and balance requirements of the Constitution.

Oh, Mr. President, I hear another argument being made: "We do it in some other phases of our fiscal policies. The Export-Import Bank does it on a direct loan relationship with other countries." Mr. President, let us be frank about it. We know what we are doing in the Export-Import Bank arrangement. The Government has established a bank to do what I am sure all of wish could be accomplished by private banking institutions, instead of by a Government banking institution. In establishing a Government bank to make loans to foreign governments, we knew that the bank should be allowed to exercise some of the banking procedures that a private bank would exercise. I hope the time will come when the great banks of the country, under what I have spoken of so many times as a policy of the dollar following the flag, rather than the flag following the dollar, will be able to do much of the financial lending which is now being done through the Government by way of the Export-Import Bank. That is the argument you will hear, Mr. President. But I say it is irrelevant to the principle which is before us in the foreign aid bill.

This is a bill which involves the whole broad scope of governmental policy questions in the field of foreign relations. How long should the American people continue to pour money into Yugoslavia, for example? Or Formosa? Or Spain? Or Italy? Or any other country? By naming these countries, I do not mean to make any invidious comparisons.

How long should the American people continue to pour money into the Arab states, which are, for the most part, complete, absolute, totalitarian governments? That is the question of foreign policy which is before us."

Who should decide it? The President of the United States? My answer is "No." Who should decide it? The Congress of the United States? My answer is still "No," modified by this explanation: Congress should decide it only for the time interval between elections, so that the people will be free to exercise their ballot-box check in the next election.

Yes, that is an abstraction, but it is a pretty precious principle of a democratically controlled government.

SECURITY ARGUMENT DOES NOT JUSTIFY MANY PARTS OF BILL

Mr. President, I am not going to be mesmerized or fooled by the flag-waving security argument. I think now is the time to make these observations about that argument. As we hear the rationalizers of the procedure of almost unlimited power, they wave the flag almost into tatters when they refer to such power being necessary for the security of our country. That argument needs to be analyzed; some questions need to be asked.

In regard to each of the specific proposals, the question needs to be asked, What is the relationship of this proposal to the security of our country? That is why I have been heard to say that the pouring hundreds of millions of dollars, for example, into Saudi Arabia has very little relationship to the security of our country. Saudi Arabia has tremendous oil reserves, which it ought to be willing to put up as collateral for a loan.

I see very little relationship to the security of my country in a foreign aid policy which authorizes the President of the United States to spend money in Saudi Arabia, with the specific expenditures unknown to us.

I see very little relationship to the security of my country in the expenditures of vast sums of money for an airbase in Dhahran, Saudi Arabia, because I doubt that the airbase would be in existence a few hours after the start of an atomic war with Russia; just as I think very little, if any, oil ever would come out of those oil wells if we ever got into a war with Russia.

No; when the flag is waved in justification of such expenditures for the security of our country, we need to ask many penetrating questions about the specific implementation of the program in relation to specific countries. When we do that, then we will come to the conclusion that the security of our country in many instances, undoubtedly would be stronger if we were carrying out a program of sending economic assistance to raise the standard of living of the people of those countries, rather than expecting that the military aid would ever be of very much use to us once the bombs started to fall.

To use a hypothetical, what makes anyone think that a jetplane sent to Pakistan would do us very much good in a war with Russia? We would be lucky if it did not fall into the hands of the Russians immediately.

In my judgment, we are sending millions of dollars of military equipment into some weak countries, countries so weak that the military equipment may prove to be one of our great liabilities; in fact, we may find some of it being shot back at us in case of war.

That is why I shall say later in my speech that we had better analyze the sacred cow of this administration—its military budget—and why the American people had better get the facts about it.

Mr. President, with all due respect to the able members of the Appropriations Committee, they cannot and ought not to be expected to review the strategic and foreign-policy implications inherent in these aid programs. That is a re-

sponsibility which falls to the members of the Armed Services Committee and the Foreign Relations Committee who have specialized in these matters.

To grant a 2-year authorization for these programs, as S. 2130 does, amounts to an abdication of responsibility by the Committee on Foreign Relations. Again, it has taken place in order to accommodate the wishes of the executive branch. Again, it has been done by ignoring the unanimous recommendations of the Senate's own Special Committee To Study the Foreign Aid Program.

That committee had this to say of military aid:

Congress should continue to authorize appropriations annually, pending a clear determination of the role of military aid in the total strategy of national defense.

And of defense support, the special committee had this to say:

The committee believes that any changes in legislation which would deny to the Senate an annual review of supporting aid would raise dangers of failures to adjust this aid to changing circumstances. It would raise dangers of an undue expansion of supporting aid programs and unnecessary and excessive demands on the resources of this country.

I want to stress this point. It is an interesting position for the Committee on Foreign Relations to find itself in, because, do not forget, the report of the special committee was written with the members of the Committee on Foreign Relations wearing what I previously referred to as their hats and coats as members of the special committee. All of them submitted a unanimous report. In their own special study, while they were wearing their hats and coats as members of the subcommittee, they said this:

The committee believes that any changes in legislation which would deny to the Senate an annual review of supporting aid would raise dangers of failures to adjust this aid to changing circumstances. It would raise dangers of an undue expansion of supporting aid programs and unnecessary and excessive demands on the resources of this country.

I submit that is a wise recommendation, and it is in accord with existing practices. Until now, the tendency of the executive branch to engage in useless and ever-increasing and costly military and related aid activities abroad has been held in check to some extent by the need to justify their programs each year before the Committee on Foreign Relations. That restraint—that check—is now removed. For 2 years, that branch can do what it pleases, when it pleases, and where it pleases. They need only to come back and ask the Appropriations Committee for more money in fiscal 1959. Will the Appropriations Committee at that time see fit to deny what the Foreign Relations Committee has already authorized?

DEVELOPMENT LOAN FUND

The bill represents an improvement in one respect over past legislation of this kind. It makes an effort in title II to bring together all assistance for the economic development of other countries into a single development loan fund and

to place this aid on a self-liquidating basis. It provides \$500 million for fiscal year 1958 for repayable loans to get this fund started. In theory, this change is sound and it is in accord with the recommendations of the special committee.

At this time, however, no one knows how the new fund will work. No one knows how the fund will affect other foreign lending activities of this Government. The Export-Import Bank, for example, has several billion dollars outstanding in sound loans to countries all over the world. Will this fund jeopardize or supplement the activity of the Export-Import Bank? How will it affect the International Bank? How will it affect private investment overseas?

Further, no one knows whether all development aid under S. 2130 will in fact be channeled through the fund on a repayable basis as it is clearly the intention of the committee that it should be. Will development aid still go out on a grant basis, camouflaged under defense support or some other title of this bill?

These are highly pertinent questions, Mr. President. Yet, the Committee on Foreign Relations did not receive full and complete answers to them. The committee did write in a desirable safeguard in the form of an Advisory Loan Committee; but that, in itself, is not sufficient to assure that the fund will be run in a sound fashion.

We must remember that it is only an Advisory Loan Committee.

There is no question that a need existed to get this fund started promptly, and obviously all doubts could not be resolved at this time, if that were to be done. If the committee had been content to provide \$500 million to get the fund under way in fiscal 1958, it would have been possible for Congress to consider the implications of the fund in detail during the next few months, and then write intelligent permanent legislation for it.

Mr. President, in the course of this debate there will be offered an amendment to seek to carry out the recommendation I have just made. However, that is not what the Committee on Foreign Relations did. This bill does indeed authorize \$500 million to begin operations of the fund during fiscal 1958. But again, to accommodate the administration, it goes beyond that. It authorizes the operators of this fund to borrow from the Treasury of the United States \$750 million in fiscal year 1959, and another \$750 million in fiscal year 1960. It empowers the operators to borrow this \$1.5 billion additional without further authority or action on the part of the Congress, regardless of whether elections occur in between. In effect then, this bill places, not a \$500 million fund, but a \$2 billion fund at the disposal of the executive branch; and Congress will have nothing more to say in the matter unless it raises specific objections.

Oh, yes, Mr. President, it will be said that we can always proceed by subsequent action to repeal action we have previously taken. But, for reasons I have already outlined, that seldom happens. The congressional proponents of

this kind of expansion of power for the Executive are always wont to say, "But we can always change our minds later. Let us make it the law now. We can change it later, if experience shows that should be done." Mr. President, that is an old, threadbare alibi, too, for the delegation of congressional power. The fact is that is not the way Congress usually acts. Once a proposal is set forth in black and white on the law books, the tendency in Congress is to become absorbed in new problems, which, as they arise, are as pressing as this problem is pressing today. As a result, in practice, the check is lost.

The Senate is being asked to grant this authority, not after the careful consideration and the passage of the protective legislation which went into the creation of the Export-Import Bank or a Reconstruction Finance Corporation or a Home Owners Loan Corporation. Instead, it is asked to do so in haste, in a title of an omnibus bill designed for a multiplicity of purposes. This proposal is buried in the bill, in connection with a great many issues. It is not before the Senate as a single-bill proposal. Instead, it is a part of an omnibus bill which contains many controversial sections. I wish to say that if the proposal of the special committee is a sound one, let \$500 million be authorized this year. Then let us agree that we shall take under study and consideration the question of whether the amount should be increased for 1959 and 1960. There is no hurry in this case. I know of no good reason why we cannot begin with \$500 million. I know of no good reason why a commitment of \$750 million must be made now, for 1959, over and above one of \$500 million for 1958. Similarly, I know of no good reason why at this time it is necessary to make a commitment of \$750 million for 1960. Let us take our time in this case. Let us begin with the \$500 million, and then examine the matter again next year. Such procedure would be in keeping, too, with the annual review check which I believe is so important.

Mr. President, in order to accommodate the executive branch in this matter, the majority of the Committee on Foreign Relations ignored the advice, as I have said, of the Senate's own special committee. The special committee had endorsed the desirability of a revolving fund, but it had this to say about its organization:

This fund is too important to be set up in haste. Interim measures may be necessary, but the fund should not be established in permanent form until its implications have been fully examined by the executive branch and the appropriate committees of Congress.

With that recommendation of the subcommittee, I wholeheartedly agree, and I believe that the full Foreign Relations Committee should have taken action consistent with that recommendation.

Mr. President, there is one other major title of the bill to which I take objection. Title IV provides for what is called special assistance. Part of this aid is earmarked for a variety of worthy purposes. Part is for more dubious purposes, such as continued subsidies of

tyrannical governments in the Middle East. And part of this aid is not earmarked at all. A total of \$100 million is made available, to be used at the discretion of the President. He can use it for humanitarian purposes, for military purposes, for political purposes, or for whatever else may suggest itself. There is no significant limitation on this discretionary power, and little accountability as to how it is exercised.

My objections to this title are two, and they are simple.

Mr. President, there is a delicate matter which I wish to mention in rather broad terms, but at least I want the RECORD to show that I referred to it. There are those who seem to think it is good administrative policy for the United States to adopt some of the tactics of the totalitarian governments—Communist, Fascist, and others—by having a fund of money which can be used in a sort of unaccounted-for way for certain secret activities of American foreign agents. Mr. President, I abhor it. I do not want to vote for the authorization or appropriation of one dollar which could be used, under the discretion of anyone, for bribery.

When the Secretary of State was on the witness stand in the committee, and when he would not tell us how some of this so-called discretionary money is going to be used, I asked whether he thought totalitarian leaders would stay "bought." I think the implication of that question covers the point I have in mind. I do not believe we build a sound foreign policy or win the respect of peoples abroad, whenever it becomes known that we seek to beat communism by the adoption of Communist tactics.

I do not like it, either, Mr. President, because, as a lawyer, I cannot reconcile it with morality. I do not consider it to be a moral policy, and I do not think that temptation should be placed before any President. To the contrary, I think we must see to it that we, the elected representatives of a free people, know how the money is to be used, because the uses to which the money is put cannot be separated from action carrying out a policy.

As I have been heard to say before, government by secrecy frightens me. I do not accept the notion, Mr. President, that it is in the interest of our security to provide a fund of money in the amount of \$100 million that can be used by any President, in his own discretion, for any purpose to which he wants to devote it.

Mr. President, when I say that, as one who has been severely critical of the present President I desire to add for the RECORD that my comment is not critical of this President. I am talking about a policy. It would make no difference whether it related to the present President or Harry Truman or Franklin Roosevelt, or any President of the past or any President of the future; but the Senator from Oregon is going on record today as being against any so-called secret fund of \$100 million that can be used by a President to apply to his own purposes.

Speaking now of the future far removed from this administration, let me say \$100 million, under a certain set of facts existing in the world at a given time, could be used to start a war, if there were in control of the Government a military junta greater than that we already have. A hundred million dollars is not peanuts. One hundred million dollars in a tinderbox area of the world can ignite the tinderbox.

I know when I make that argument the question will be asked, "Are you reflecting, for example, upon the patriotism of any President of the future?" Of course, that is a completely nonsequitur question, because if there is anything, Mr. President, you and I as lawyers know, we know that if a procedure permits of abuses, we had better change the procedure. One of the most important duties we have as United States Senators is to keep the procedures of Government clean and pure in relation to our constitutional system. We need to keep in mind the fact that when the Republic was born, it was born out of a fear, based upon experience, of arbitrary power of a powerful executive. The Republic, Mr. President, was born out of an insistence upon the part of our historic fathers that unchecked powers should not be given to any executive.

Here is a procedure, Mr. President, which would give \$100 million of unchecked spending power to a President—but never with my vote.

This is no new position for the Senator from Oregon. The Senator from Oregon protested this procedure when Harry S. Truman was President of the United States, because we also gave him too much unchecked power in my opinion. That is why I said earlier today this tendency has been growing, and we have to stop it. It has been allowed to grow because the American people have been frightened—deliberately frightened—by the security argument, by the argument that "If you do not give this kind of unchecked power, then the security of the country will be risked."

I am always amused in the Foreign Relations Committee when I hear the argument about the calculated risk we have to run, when somebody wants to justify a weakening of a great procedural protection of our people. We are now living in a world, it is said, in which the dangers are so great that we have got to run the risk on some of these things. We have got to run the risk that may be theoretically entailed in giving a President this kind of unchecked power—as though that fallacious argument answers the question we raise. The question is, Can we reconcile what you propose with the constitutional system which was established by the Founding Fathers, who made it perfectly clear that Congress should not give unchecked powers to a President? The answer is, "No."

So far as the security of our country is concerned, I happen to be one who believes our country will be more secure and our Military Establishment will be more efficient and effective and our defenses stronger if we require at all times

the kind of a civilian control, through the Congress, for which I am pleading today. So I say I dissent from this proposal of the majority.

I object to the erosion of congressional authority over the expenditure of public funds which the discretionary power implies. I object to the size of the expenditures which are allowed for this purpose. Not only does title IV place \$100 million at the complete disposal of the President. It also permits him to transfer an additional \$150 million from other parts of the bill to be used also at his discretion.

The Committee on Foreign Relations reduced the authorization under title IV from \$300 million to \$250 million. That was, in my opinion, a meritorious action, except that it did not go far enough. It is conceivable that some discretion may be necessary for the President to meet emergency situations abroad. There is nothing to suggest the amount made available for this purpose ought to be as large as is still provided for in this legislation.

By way of conclusion, Mr. President, I wish to say that two of my colleagues, the Senator from North Dakota [Mr. LANGER] and the Senator from Louisiana [Mr. LONG] joined with me in voting against S. 2130 in committee. I have not invited them to join with me in this minority report, because I feel so deeply about what I consider to be a serious weakening of the legislative functions of Congress as symbolized by this bill as it came out of committee, that I decided to present this minority report as my individual views.

The RECORD should be clear that yesterday afternoon I had a conference with the Senator from Louisiana [Mr. LONG], who said he would like to see my report. I said I would be glad to have him see the report, but I wished to make it very clear to him that I was not suggesting he join with me in the report, for the reason that I go into great detail on some of my constitutional views, and to reconcile the language with the position of the Senator from Louisiana on some facets of it I was sure would take so long that we would never get the report in on time; and in addition it would make it necessary for me to modify some of my language so that it would not carry out the point of view I wished to express in my speech today. The Senator agreed with me, before he saw the report, that for this reason he should not join in the report, but should see it only for the purpose of determining what he might wish to add as a supplemental report on his part, which he has done, and about which he can speak for himself.

I should like to say that we shall be shoulder to shoulder on most of the amendments proposed to the pending bill, of some of which the Senator from Louisiana will be the author.

I wish to make clear, however, that I join with the Senator from North Dakota [Mr. LANGER] and the Senator from Louisiana [Mr. LONG] in their major objection to the bill on the ground that hundreds of millions of dollars of

taxpayers' money could be saved by reductions in many of the items in the bill. I am convinced that many savings can be made without weakening our defenses in the slightest degree. In fact, it is my judgment that reductions in the bill would strengthen, rather than weaken, the security of my country. I am unable to see how waste of the taxpayers' money strengthens the defenses of America. In the last analysis, a strong economy is essential to a strong defense.

Furthermore, it needs to be stressed that powerful political forces in our country have succeeded in convincing many Americans that our military budget is an untouchable sacred cow. Whenever a Member of Congress suggests that the Military Establishment is in need of a thorough revision, he must expect to be attacked and criticized on the basis of the false charge that he advocates a weakening of our defenses and a risking of our national security.

Such charges are nonsense, and the people need to be awakened to that fact quickly. There is no place in America for a military junta. We must not countenance in America any weakening of the historic principle that military affairs must always be subjected to the strictest civilian inspection, control, and policymaking. The time has come to put the military budget on the legislative operating table and remove some of the cancerous growths from our body politic.

The nuclear age is upon us. The military tactics and strategies of World War II and the Korean war, including both combat and the general defense of the Nation, are now obsolete. Yet we continue to pour hundreds of millions of dollars into a military establishment of our own and of foreign nations which are being spent on obsolete programs. We waste manpower, and spend hundreds of millions of dollars of the taxpayers' money in the wasting of that manpower.

One of our allies, Great Britain, appears to be far ahead of us in the recognition of the need for a thorough revision of its military program, with resulting reductions in its cost. It is interesting to note that some of the American officials, in attempting to alibi our failure to reorganize our own defense program as Great Britain is doing, charge that Britain is bringing about great economy in her defense because she is planning to rely upon American defenses for her security. An adequate reply to that false charge is to say "Tell it to the British." I am satisfied that her defense program will not be based upon a national policy of becoming a defense satellite of the United States.

What is happening in fact is that Britain's leaders know that the nuclear age calls for a reorganized defense program. As long as the Congress of the United States continues to appropriate the billions of dollars it is now appropriating to our own and to foreign military establishments with as little control over the actual expenditure of the funds by the military and over determination of the policies upon which the ex-

penditures are based as now exists, we will continue to waste billions of dollars.

This year is the time to call a halt in this waste. This foreign military aid bill is the place to start. It is my hope that the full Senate will adopt amendments reducing substantially the military authorizations called for in this bill.

S. 2130 brings to a head an issue which deeply disturbs many people of my State and many people throughout the entire United States. The issue is whether the Senate is going to go on year after year with a program that has already involved \$60 billion in expenditures in a decade and which in recent years has brought the Nation only increasing harvests of ill will abroad. Or is the Senate going to make the kind of thoroughgoing revision of this program that it must have if it is to serve the interests of the people of the United States, the ordinary people of other countries and the peace of the world?

The Senate established the Special Committee To Study the Foreign Aid Program. The report of that committee pointed the way to the kind of revision that is needed.

If the recommendations of the special committee are followed more closely this bill can be revised so as to remake the foreign aid program into an undertaking worthy of the support of the Senate of the United States. The cant and subterfuge which the executive branch has introduced into this legislation can be eliminated. The erosion of congressional powers can be stopped. Hundreds of millions of dollars of the taxpayers' funds can be saved. I submit that this kind of revision has not been made by the majority of the Committee on Foreign Relations. And until it is made this bill is a hoax. It does not fully meet the needs of the citizens of the State of Oregon or any State. It does not warrant the approval of the Senate of the United States.

Therefore, for the reasons I have set forth, I urge the defeat of the bill in its present form, and the adoption of a series of amendments which will be offered by a group of us as the debate progresses.

I wish to thank the Senator from New Jersey [Mr. SMITH] for his patience in waiting for me to conclude my remarks, preparatory to beginning his own. I should like to extend to him the courtesy of a call for a quorum, if he will permit me to suggest the absence of a quorum.

Mr. SMITH of New Jersey. I do not feel we need a quorum, because we are making our record here. I do not think we need to take the time for a quorum call.

Mr. MORSE. I am advised, I may say to the Senator, that the majority leader has requested it. Under those circumstances, I should like to suggest the absence of a quorum.

Mr. SMITH of New Jersey. Very well. The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SMITH of New Jersey. Mr. President, I ask unanimous consent that the

order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMITH of New Jersey. Mr. President, it was my great privilege yesterday to attend the naval review in Hampton Roads, Norfolk. Therefore, I was absent when the Mutual Security authorization bill was taken up for consideration by the Senate. However, I have read the very excellent presentation made by the distinguished senior Senator from Rhode Island [Mr. GREEN], our beloved chairman of the Committee on Foreign Relations. I note that the bestowed praise upon the members of the Committee on Foreign Relations for their part in the work of the committee, but that he very modestly did not give himself any recognition. I cannot help adding the thought that the Senator from Rhode Island is the man who has been behind not only the studies leading up to the report, but has supported these studies for almost a year, preparatory to developing the whole program of mutual security. Therefore, I desire to have the RECORD show the deep feeling of appreciation and affection we all have for our Chairman in his work on the bill this year.

I also wish to commend my colleague, the distinguished Senator from Wisconsin [Mr. WILEY], who spoke yesterday in behalf of the bill.

II

COVERAGE OF THE BILL

Mr. President, the Committee on Foreign Relations has reported a bill which represents a major shift in the administration of the mutual security program and a clarification of its aims and ideals.

Concerning the preparatory work for the program, a word of commendation and appreciation should be spoken in behalf of the staff of the Committee on Foreign Relations. I know my colleagues will agree with me when I say that the work the members of the staff have done during the past year in preparing material and assembling the reports concerning the foreign aid program deserves great praise. I wish to give the members of the staff that credit publicly.

I urge every Senator, before he votes on the measure this year, to read carefully the very excellent committee report, which was prepared largely by the staff, but which was participated in by all the members of the committee before the bill was reported favorably.

Also, I urge every Senator, before he votes on the proposed legislation, to read the report of the special subcommittee, composed of the members of the Committee on Foreign Relations and of other committees, concerning the year-old study of the whole subject of mutual security assistance.

As a result of the study, there is a good possibility of attaining increased efficiency and effectiveness in the program and a clearer understanding of its aims by the American people and by the peoples of other countries.

Personally, I have distributed to the people in New Jersey and elsewhere a great many copies of the report of the special committee. Questions have been

directed to me about the program for this year. People have been misled by the references to giveaways. So I felt it worthwhile to send them copies of the report, and I have received very favorable responses concerning the approach which the committee has taken this year.

The mutual security program is acknowledged by all thoughtful Americans to be an integral part of our foreign policy and a positive extension of our responsibility as the foremost free nation in the world. The committee stated in its report:

The mutual security program * * * has produced results solidly in the American national interest. American foreign aid has played an indispensable part in keeping the free world free.

The question, therefore, is no longer "whether," but "how," and the 1957 act goes a long way in answering this query.

In a recent article in the *New York Times*, the distinguished junior Senator from Montana [Mr. MANSFIELD] wrote of the need for tripartisanship in the conduct of American foreign policy.

I was so much impressed with the article, although a Senator on this side of the aisle, that I commended the Senator from Montana for his article concerning tripartisan foreign policy. By this was meant not only cooperation between the two parties in Congress, but also cooperation between Congress and the Executive in the formulation of policy. In my judgment, Senate bill 2130, now pending, reflects the benefits of the tripartisan approach. An amalgamation of policies proposed unanimously by the Senate Special Committee To Study the Foreign Aid Program and Policies Proposed by the Executive, it comes to this body for consideration as a measure devoid of attributes of partisanship.

It may well be designated "unpartisan," as our former colleague, the late Senator Vandenberg, used to say, and certainly it can be designated as tripartisan, as the junior Senator from Montana [Mr. MANSFIELD] stated the other day. Among the many other laudable reasons for the passage of the bill, this fact is worthy of our considerate attention.

Mr. President, the able senior Senator from Rhode Island [Mr. GREEN] and the able senior Senator from Wisconsin [Mr. WILEY] have enumerated the major changes in the mutual-security program contemplated by the bill: namely, the separation of military assistance and defense support from long-term economic aid, the 2-year authorization of military assistance and defense support, the creation of the development loan fund, the increase in the technical-assistance program, the clarification of purposes, and the creation of a special assistance title to permit use of funds for emergencies, both economic and political, and for humanitarian purposes.

The Senator from Rhode Island pointed out also that instead of 85 percent of the moneys being authorized for military and defense programs, as was done last year, this amount has been reduced to below 75 percent in this bill.

III

HISTORY OF MUTUAL SECURITY

Let me speak for a minute concerning some of the history of our mutual security programs, which have been under so much fire. I shall not repeat the able explanations which have been made by our colleagues; instead, I wish to speak about the 10th anniversary to the battle for peace and freedom. Ten years ago this spring, the American response to the advance of international communism was first enunciated in the form of the so-called Truman Doctrine of aid for Greece and Turkey. I had the honor to be a Member of the Senate at that time, and I voted for the measure, feeling that it was a new and most significant step. It was a startling and courageous proposal, announced at a time when the forces of the free world were perhaps at their lowest ebb.

It was shortly after that announcement that General Marshall made his famous address at Harvard University, in which he enunciated what ultimately became the so-called Marshall plan, and which has evolved, since that time, into the kind of mutual or foreign aid which has been extended ever since.

Western Europe was then in desperate economic straits. The savage destruction of the war lay as a crushing burden on the prostrate continent. Severe winters had depleted the already dangerously low agricultural stocks.

In the Middle East, Greece was in imminent danger after the announcement by the hard-pressed British that they could no longer continue aid. Turkey was being menaced by Soviet armies on its borders. The Arab countries were sitting on a powder keg labeled Palestine.

In Asia, India and Pakistan were both on the verge of acquiring independence, and a feud over Kashmir, which still troubles their relationships. Fighting was raging in French Indochina, and between the Dutch and the people of Indonesia. China was the scene of brutal carnage.

Peace, a word which had sounded so thrillingly in American ears just 2 years previously, had become a hollow mockery in a world of turmoil.

Ten years have elapsed since that fateful initial decision by the United States—10 years of hope and pain, but really 10 years of progress. America was then being launched into an unknown future. Our experience with foreign relief had been limited to specific emergencies and the aftermath of World War I. Throughout our long history we had never contracted an alliance with a foreign nation during a period of peace. That is a very impressive thought. I have had it checked and, I repeat, throughout our long history, we had never contracted an alliance with a foreign nation during a period of peace.

But gradually we became aware that if the free world, including the United States, was to survive, we would have to fight for peace just as effectively as we had had to strive to win the war. We sensed our opportunity and our responsibility.

The weapons at first were primarily economic, although some military assistance was given to the Greeks and Turks. But the terrain was new and unknown, and knowledge had to be acquired from experience.

IV

THE EXPERIENCE OF 10 YEARS

It was a novel and heretofore inconceivable position for the Nation. After the close of World War II, we had hoped and expected that the other countries in the world would be as desirous of peace as we were, and that aggression would be met by the collective security system of the United Nations. These expectations were premised in the hope that Russia believed in them as ardently as we did. But the years since 1946 have been replete with evidence of increasing duplicity and aggression by international communism. The list is a long one. I need not cite all the instances, but I call attention to Czechoslovakia, in 1948; China, in 1949; Korea, in 1950; Vietnam, in 1953; Guatemala, in 1954; Quemoy and Matsu, in 1955; and Hungary and the Middle East, in 1956.

The record is indisputable proof that the peace which we have sought and wished for will not be obtained until the free world confronts international communism with such strength that the latter finally realizes it cannot gain its ends through either aggression or subversion. We now understand that in order to make this realization effective, an unceasing effort must be maintained by the free world.

Up to now, our programs have mainly been responsive to crises. Much of our aid has been on what might be called a crash basis.

We have been experimenting with administrative devices, as well.

There was the Marshall plan, then NATO, the Korean war, and military aid to Asia. But there was also point 4 and UNICEF and the World Health Organization and CARE. There was ECA, OEEC, TCA, FOA, and ICA.

There have been trial, and error, and change, as we have recognized the depths of responsibility and the enormity of the mutual effort. Underlying it all has been the gradual dawning that the awful alternative to the containment of communism and the growth of responsible nations desirous of collective security and law, is American hegemony purchased at the price of nuclear war.

During these 10 years we have harvested both experience and victories. From 1944 to 1949, during a period when we had dismantled the most powerful military machine in the world, international communism conquered 14 countries, with a population of over 725 million people, and an area of 5 million square miles. From 1950 to 1956, however, after the mutual security program had been created, international communism has conquered 2 countries, North Vietnam and Tibet, with a population of 12 million people, and an area of one-half million square miles.

The statement of Secretary Dulles before the House Foreign Affairs Committee is an eloquent summarization of these facts. Secretary Dulles said:

Not one of these seized nations, was at the time of seizure, protected by treaties of mutual security and the common defense system created thereunder. But not one nation which did share in such a common defense has been lost to international communism.

It must be remembered in this connection that some 19 new nations have come into existence since World War II.

Other gains have been significant. The military strength of our allies abroad has substantially increased. A network of defense alliances, supported by local forces, and backed by United States mobile power, has been created. Through the fiscal year 1956, the United States expenditures for military assistance were \$17.4 billion. Defense expenditures by our allies amounted in that period to \$107 billion. I wish to emphasize that point, because so frequently it is said that we are carrying the entire load. I repeat, that during that period, the defense expenditures by our allies amounted to \$107 billion.

Actual figures tell the story even more concretely. In 1950, the active ground forces of our allies numbered about 3½ million not too well trained and inadequately equipped men. Their naval forces numbered fewer than 1,000 combat vessels. Their air forces were equipped with about 11,000 conventional aircraft and fewer than 500 jets.

By the end of 1956, the ground forces of our allies had been increased to 4.8 million, an increase of 37 percent in quantity, and with a far higher standard of quality and morale. Their navies had over 2,300 combatant vessels, an increase of 139 percent. Their air forces were equipped with over 12,000 conventional aircraft; the numbers of their jet aircraft had been increased to nearly 11,000, or 22 times as many as they had in 1950. When the forces of Canada, Australia, and New Zealand are added to these, the total includes active ground forces of over 5 million men, an air force of over 27,000 planes, 12,500 of which are jets, and 2,500 combatant naval vessels.

Mr. President, I refer to those numbers, because, as I have said, yesterday I had the privilege of going to Hampton Roads, Va., where there was the most significant and impressive naval review ever held in western waters. Included in the review were not only a large part of the fleet of the United States in Atlantic waters, but also naval vessels from, I believe, over 20 foreign nations; and in the reviewing group there were not only representatives of our own Government, including the Secretary of Defense, but also the ambassadors of all the nations whose vessels were included in the display.

Moreover, strategic geographical sites have been obtained close to the borders of Russia, where important airfields and locations for guided missiles are being constructed. These gains have not only enormously increased our potential for defense, but they have also meant the saving of untold billions of dollars which otherwise we would have had to spend on defenses here in America.

Besides these triumphs, stemming from the mutual security program, the industrial might and the skilled peoples

of Europe have remained in the free world, and the vital resources of Africa and South Asia have been retained. If we had allowed the industrial power of Europe to fall to the Communists and the resources of Africa and Asia to be forbidden to us, the Soviet would have secured a potential infinitely superior to our own. These considerations demonstrate the importance of this program from the standpoint of our own national security.

At the moment we are engaged in a series of disarmament discussions in London. History has proved that the most effective way to deal with Russia is from a position of strength. Because the power of the free world has been built up through the mutual security program, there is greater hope for sincere results now in the disarmament conferences than ever before.

V

ECONOMIC ASPECTS OF THE BILL

Mr. President, these have been the strides accomplished for the military containment of communism.

Of equal importance have been the measures undertaken to foster the economic growth of the underdeveloped nations. With the exception of the Marshall plan aid to Western Europe, economic assistance and technical cooperation have comprised a relatively small part of the entire mutual security program. In this respect, it is important to note, however, that—dollar for dollar—we probably get more from our technical-cooperation program than from any other aspect of the mutual security program.

The efficacy of the Marshall plan is demonstrated by the fact that none of the original Marshall plan nations is now receiving economic assistance. I wish to emphasize that point; namely, that of the original Marshall plan nations which were helped by the first impact of our aid—and we did give them economic assistance—none of them is now receiving economic assistance from the United States. Some 21 countries are receiving bilateral economic assistance from the United States today, and some 28 countries are receiving military and economic assistance. Both groups are outside of the Marshall plan group I mentioned a minute ago.

The advent of the Korean war and Communist aggression in Asia necessitated a curtailment of economic assistance in favor of military aid. In more recent years, due to the mounting strength of our allies and the nuclear stalemate between Russia and the United States, communism has tended to divert a good part of its attention from overt aggression to economic penetration, and, I regret to say, subversion in the underdeveloped countries. The consequent peril to the freedom, independence, and self-determination of these countries has heightened American emphasis on programs designed to foster their economic growth and development. As a result, the new approach to mutual security as set forth in Senate bill 2130, which is now pending, envisions a division of funds for economic aid. In section 400, funds are authorized to be appropriated to the President to be spent "to main-

tain or promote political or economic stability" or for conjunction with military assistance.

I call especially to the attention of the Senate the fact that in title II—the long-term development loan fund is established, to be administered on a businesslike basis.

We have not heretofore had a loan fund as such. There have been loans, but the loan fund provided under title II is a new departure, and was provided largely as a result of studies made by the committee and the recommendations of practically all the experts we sent into the field.

In recent years about 7 percent of our mutual security funds has gone into development assistance, and about 4 percent into technical cooperation. Under the bill presented this year, about 14 percent will be directed toward development assistance, and about 4.3 percent for bilateral technical cooperation.

Unlike the military area, where numbers of jet planes and soldiers and bases can be counted and actual defense progress determined, the economic assistance program can be evaluated only over a span of years. In Europe, at the end of the Marshall aid era, production had increased over 1938 by some 40 percent. But this was assistance to an already highly industrialized area. Conversely, substantially all economic assistance in the past few years has gone to underdeveloped and relatively underdeveloped nations, and complete statistics in this respect are not yet available, nor will they be in the very near future.

We are cognizant, however, of numerous specific and gratifying examples of production increases in such nations as Thailand, Taiwan—Formosa—and India, agricultural development in Iraq and Vietnam, and currency stabilization programs in Chile and Bolivia.

VI

PURPOSES AND LONG-TERM AIMS

What is essential to keep in mind is the purposes and long-term aims of economic assistance.

First and foremost is the security of the United States, which entails assistance to underdeveloped nations to the end that their very high aspirations for freedom and economic development will be satisfied through orderly and peaceful measures of progress.

Second, vital raw materials will be retained and continually made available to the United States. We do not want those raw materials to get into the hands of Russia or her satellites.

Third, the development of strong, free, and independent nations throughout the world will provide legitimate satisfaction to the desires of rising nationalism and will substantially reduce the danger of conflict arising out of attempts by international communism to penetrate into areas where it suspects power vacuums to exist. That is one of the dangers which is hard for some people to understand who have not been to countries where there is a danger of power vacuums. Where they exist, communism rushes in by subversive methods.

Fourth, a high level of economic activity is, on the whole, more favorable to genuine stability and responsibility in

government than are poverty and misery.

We must bear that in mind. If the people of underdeveloped nations are to get on their own economic feet and become self-sustaining, they must be fed and clothed.

Fifth, as these underdeveloped nations grow in economic strength they will be better able to support military programs and utilize advanced weapons, all in the interest of mutual defense.

Sixth, if other countries within the orbit of the free world are better off, they form larger markets for American exports and the development of international trade.

Seventh, as the underdeveloped countries attain higher levels of economic development, their existing inconvertible currencies will secure standing in the world market for the furtherance of investment and trade.

Those of us who have been abroad, are aware of the great uncertainty with regard to currency stabilization. I can remember the days when we could buy bank credits, and every country, whatever it might be, would be listed on our certificates, indicating what the exchange rate of the dollar was in every one of those countries. That is no longer true. Now there is a legal rate and a black-market rate, and one does not really know where he stands.

Of paramount consideration is the undeniable fact that economic progress among the underdeveloped nations will be reflected in greater strength for the free world. There is an exciting and significant relationship between the orderly economic and social progress of these nations, in fulfillment of their cherished aspirations, and the development of forces desirous of achieving a workable system of collective security and of peaceful change.

When a farsighted program of economic assistance promises mutual benefits to the United States and to the underdeveloped nations, it is worthy of our strongest possible support.

Freedom, self-restrained but vibrant and inspired by the guidance of Almighty God, has been won by those who, through history, have recognized and felt the ultimate value of the individual human being. "Ye shall know the truth and the truth shall make you free." These immortal words are the guiding star of our destiny. But God helps those who help themselves, and it is our purpose to help the underdeveloped countries to help themselves and thus to be prepared for full freedom.

Economic assistance combined with local self-help can destroy the insidious weakening effected by illiteracy, poverty, malnutrition, and disease. When these are supplanted by knowledge and strength, confidence and hope will swell the legions of the truly free.

But here again, we must remember, the effort will be long and arduous and the attainment of victory resultant upon the maintenance of eternal vigilance against complacency, apathy, and smug satisfaction.

VII

PRIVATE INVESTMENT

Mr. President, I wish to say a word now about the possibilities of private investment, which has been much discussed.

Why cannot private investment effect at this stage the intended aims of economic assistance under the mutual-security program?

The answer is very precise. A groundwork of social overhead capital—that is, roads, dams, irrigation projects, airfields, railroads, and communication systems—must first be created in the underdeveloped nations. Private investment can be of assistance in some of these, but the main burden at this moment will have to be borne by local and foreign public funds.

The analogy is often made to the great amounts of foreign private capital which furnished priceless aid to the economic development of this Nation during the 19th century, in the early years of our history. But, the analogy is not entirely a true one, because we had skilled labor, political stability, trained management, and local industry already in existence. This is not the situation in many of the underdeveloped countries in the world today. A basic framework has to be laid by local and foreign public assistance first.

That, Mr. President, is also one of the primary reasons why it has not been economically feasible to create a long-term businesslike development loan fund prior to this year.

We have gone through the period of experimentation and learning and have reached the point where we think economic growth can profit by the use of long-term loans. Much had first to be done through the medium of economic grants. Much had to be accomplished through technical cooperation in order to instill skills in local labor, introduce knowledge of management, and fiscal and accounting practices, and teach methods of increasing agricultural production so as to enable a shift of labor to be made from farms into industries.

A great deal more effort is necessary in this respect, it is true, but, likewise, much has been done.

For those who have been skeptical of the validity of economic assistance to date, this truth is all important. A level must first be attained in order that a businesslike program of development loans can be established. It is the hope I think of all members of the committee that eventually private investment will be able to be substituted for all of the functions of the development fund. But for the moment, the fund demands the support of all of us as an essential cog in the maturing of our program of economic assistance.

VIII

CONCLUSION

Mr. President, in concluding my remarks I have a few observations to make.

This is the 10th anniversary of our battle for peace and freedom. I have

tried to depict the progress and the triumphs which have been attained in the military and the economic phases during the past 10 years.

We are engaged in a great ideological conflict. We are fighting for men's minds. To win, as to triumph in any war, planning, and programing are essential, to the end that the resources and capabilities of the United States and our allies will be used most effectively and efficiently. It is a mutual effort. I have already referred to the military programs of our allies. In the economic field from 1952 to 1955 our allies contributed some \$3.2 billion in foreign assistance to underdeveloped countries.

Of this amount some \$47 million was contributed to the United Nations activities and about \$346 million to the International Bank for Reconstruction and Development. Of course, a fair amount of it went to colonial possessions or former colonial possession, but its purpose and motivation was to increase economic and social development.

We have harvested experience and victories in these 10 years. Today, four concepts stand out with crystal clarity.

First. The struggle of the free world must be unremittably maintained until victory is secured.

Second. The mutual-security program must be continued until that victory is in sight.

Mr. President, I think I read all the reports which came to our committee from the different experts we had retained, and who were helping us. Every single one of them said that the mutual-security program must be continued until we could see the end of the road of this present ideological struggle.

Third. Both aspects, military assistance for defensive strength, and economic assistance for the orderly and responsible development of underdeveloped nations, are indispensable parts of that program; and

Fourth. Administrative and fiscal policies and institutions must be revised to carry out most effectively a long-term program in the national interest.

To meet the challenge we must adopt modern techniques.

This bill, in my judgment, goes a long way toward bringing our tactics up to date. As the senior Senator from Rhode Island has so ably stated, the bill is by no means perfect, and it will need changes as the years come along. It will, however, enable us to do a far more effective and more efficient job than we have been able to do in the past.

The amounts authorized, as the President has stated, provide the necessary minimum to carry through the program. Wholesale slashes would not only imperil our national security, but endanger the forcefulness of our leadership of the free world. I strongly urge all of my colleagues to support and adopt it.

The bill calls for a program of continuance of strength here at home, and a program of military assistance and economic aid with our allies and the nations in the free world abroad, in a joint

effort to increase the strength of a system of collective security and law. It really can be called a bill for peace and freedom.

Russia has given no indication of a lessening of its unrelenting desire or purpose to conquer the world. For us to relax in the struggle now is to face the horror of war tomorrow, unprepared and substantially weaker than the Communist nations.

We have the planning. We have the program. We have the capabilities. We have the allies and the potential. We can weld these together now with the will to win.

Mr. President, let me close by inviting the attention of my colleagues to the history of our own country. What motivated people from abroad to come to settle in America? It was their aspiration for freedom, self-determination, and the right to follow the dictates of their conscience and follow their God as their God directed. They came here with that flaming spirit. They developed that spirit. They gave to the world a nation which has far surpassed any other nation not only in prosperity but in moral leadership. We are the heirs to that responsibility. We have shown to the world what we can do here. Now the call has come to us to accept our responsibility elsewhere.

I shall close by paraphrasing from Abraham Lincoln's famous Gettysburg Address, when he said the sacrifices were not made in vain, that they were made so that government of the people, by the people, for the people should not perish from the earth.

That is my view of this bill. My belief is that it is our destiny to follow through, despite its imperfections, with the kind of legislation we are now studying so sincerely, so as to find the best way to do that which means so much to the future peace of the world.

Mr. CASE of New Jersey. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I am glad to yield to my distinguished colleague.

Mr. CASE of New Jersey. I wish to congratulate my distinguished colleague, the senior Senator from New Jersey, on the admirably lucid and persuasive explanation he has given of the program before the Senate, which is presented by the Committee on Foreign Relations. It has been most helpful to me.

Even more, I should like to take this opportunity, briefly, to express my personal appreciation for the leadership which my senior colleague has given in the great Committee on Foreign Relations, in the Senate, in our State of New Jersey, and in the country as a whole. As the foreign-aid program, in its various phases, has been worked out and applied, he has been in the forefront of those who understood its purposes, the changing needs to which it has been applied, and the changes in it which have been necessary. A great measure of the success which has attended the joint effort by all people of good will and understanding in bringing this program to us in a form adapted to present needs is due to my distinguished senior col-

league from New Jersey. I wish to extend to him, in this brief and inadequate statement on my part, my personal appreciation for his help to me in my efforts to understand the program, to know more about it, and to be helpful in it.

Mr. SMITH of New Jersey. I thank my colleague very cordially.

Mr. President, I yield the floor.

Mr. TALMADGE. Mr. President, permit me to preface my remarks on foreign aid today with a few observations.

A special Senate committee studying the foreign aid program stated recently:

The committee recognizes that there are Americans who believe that these expenditures have not served the national interest and others who believe that they have.

I am in agreement with the former conclusion but respect the opinions of those who adhere to the latter view, and ask that my thoughts be accorded the same tolerance.

Let me emphasize that my views on foreign aid are not directed at any individual or group.

Rather, they are aimed squarely at the system and at the policy.

Or to be more exact, my criticism is directed at the lack of policy and the lack of system.

I feel strongly that the humanitarian responsibility of feeding hungry people from our great supplies of surplus foodstuffs and the practical responsibility of taking every possible measure for our own military defense are necessary and justified. The only limitation applicable to these efforts should be the extent of our country's capability, as viewed liberally, in the light of unchanging practical experience.

But, certainly, this does not mean that it is the duty of the overburdened American taxpayer to subsidize through foreign aid political or social experimentation or all manner of global projects of doubtful value throughout the earth.

Foreign aid projects which strengthen the defense posture of this nation are necessary and justified and shall have my full support. However, I am equally firm in my opposition to those projects which seek to do for persons in other lands what we are either unwilling or unable to do for our own citizens here at home.

The safeguarding of the economy of this Nation demands that we give careful scrutiny to each foreign aid proposal in order to determine that our country gets full value received for its expenditures. This is particularly true in light of the fact that, as of last March 31, this country had an unexpended foreign aid balance of \$7.7 billion which would be more than sufficient to carry on our foreign aid program for some 2 years if not another dime were appropriated for it.

It must further be borne in mind in properly evaluating this program that the Federal Government now is paying 3½ percent interest on the money it borrows to finance such undertakings.

It is also my view that in the field of economic aid, assistance should be limited insofar as practicable to loans.

Such help, of course, should be coupled with the encouragement of private enterprise to invest its capital in sound business ventures abroad.

In all of our policy, we seem to have overlooked the prime factor that should guide our considerations. It was expressed well the other day by Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff, when he declared:

We cannot trust the Russians on this or anything.

We have been at a loss in thwarting the vigorous and direct approaches of the Khrushchevs and the Bulganins.

Pure idealism, that in many instances has characterized our diplomacy, has been no match for the cunning and calculating practicalists in charge of Kremlin diplomacy.

Our panicky policies have produced negative results.

We have no definable objective.

Nor have we had a stable or consistent policy or plan to achieve it.

A lasting and honorable peace seems further away than ever before. Our present policy presupposes that global war is inevitable—just a matter of time. Yet, time seems to be running against us.

Dollar diplomacy is no substitute for calmness, care, consideration, and cool deliberation in the conduct of our foreign policy.

The fact that we have sacrificed the lives of thousands of American youth on foreign battlefields and have spent over \$115 billion in foreign aid during the last 40 years attests our willingness to do more than our part to preserve peace in the world.

The American people have drafted their youth and have given of their material substance without demands, without conditions or without even an accounting.

No people in the history of the world have given so much to others and asked so little in return.

We have jeopardized our economy and mortgaged our future by giving away billions to stop war.

The dread specter of runaway inflation threatens every institution in American life today.

It threatens the home, the church, the school, and business, and it is built into the whole foreign aid undertaking.

It is completely inconsistent to give lipservice to "controlling" inflation while feeding it at the same time with profligate foreign aid ventures and the outpouring of billions of American money for foreign aid giveaways.

The purchasing power of our dollar has shrunk over 50 percent in the last 18 years. It is down 3½ percent in the past 12 months.

We cannot close our eyes to the fact that in the very next decade, if the present trend is allowed to continue, we will have a 25-cent dollar, or one worth even less.

Already our national debt, per capita as well as the sum total, far and away exceeds that of all other countries of the free world combined. This does not count State and local debts.

The tight money policy adopted by the present national administration has sent the cost of servicing the national debt soaring by some \$600 millions annually even in spite of the fact that there has been a slight reduction in the amount of the debt itself.

Foreign aid is in a large way responsible for the denial of tax relief to millions of Americans whose earnings have been confiscated in large amounts by the Federal Government to pay the bill for this spending across the seas.

We are paying wartime taxes in peacetime.

From 1792 to 1950 Americans paid \$406 billion in taxes to their Federal Government.

From 1950 to 1957 we paid to the Federal Government \$433 billion.

For \$406 billion we fought and won 6 wars.

For \$406 billion we fought an indecisive police action in Korea and have waged what diplomats call a cold war in peacetime.

Today, roughly one-sixth of the gross national product of this country is being paid in Federal taxes.

One wonders how long this Nation will survive such a drain on its economy.

The President's brave pronouncement of stabilizing the cost of living has fallen by the wayside.

During the 1957-58 fiscal year the Federal Government expects to collect out of the United States taxpayers the stupendous total of \$75.8 billion.

I say with all candor that unless the present policy of Federal spending is held in check, all hope of a tax cut at any time in the future will vanish and we will be confronted with another round of Federal tax increases and more likely the imposition of new or additional taxes.

During the last 12 years we have spent more than \$5 billion a year for foreign aid—a total of more than \$62 billion.

It is hard to visualize what this huge amount of money would have done for the people of this Nation.

It would have provided for our every need in the way of schools, hospitals, highways, and permanent improvements of every sort.

There would have been enough to provide a needed increase in presently inadequate pension and retirement payments, and there would have been enough to end the depression on the farm and provide our farmers a fair return for their investment and labor.

We are told that unless we send dollars, we will have to send our youth and pay with blood.

In that statement, we have a clear-cut admission of a total failure in our foreign policy. And we have evidence of a total failure to achieve any concrete results even after the expenditure of all these billions on peacetime foreign aid.

"Send dollars to save sending sons," sounds good as a slogan, but it is nothing more than a delusion. History has proved it so on more than one occasion in the recent past.

Congress should not be deceived by tricky phrases and clever slogans.

Congress should not be stampeded into adopting a course that can only

bring us nearer the "brink of war," if not carry us over the brink.

The present policy of weakening this Nation's economy and defenses through ineffective foreign aid, if continued, makes it inevitable that we will be forced again to send our sons to fight and die in foreign lands.

Add to this the unpleasant prospect that our Nation, with her resources dissipated to the four corners of the earth, may lie prostrate, vulnerable to attack.

It is in that light that we must reexamine and readjust the whole field of our present foreign-aid policies from top to bottom.

Mr. President, although I am new in Washington, it is difficult for me to detect any appreciable degree of logic in the foreign economic-aid program.

To make any sense out of some of these giveaways requires that one discard all of the tried and proved maxims of human experience.

It appears to me that in this strange program, truth is inverted and results in a mirage.

I can conceive of no other activity in governmental operations so lax and inefficient where a total of \$363 million could be lost for over 2 years without anybody finding out about it.

Perhaps the most alarming aspect to me of our foreign-aid program is that many well-meaning and sincere people have been persuaded that all of this vast array of money is buying us something in the way of future security.

The record shows, and will continue to unfold, the sad fact that we have not bought one iota of the protection we must have in case of necessity, even in spite of the bitter sacrifices we have been called upon to make.

Thousands upon thousands of highly paid American jobholders and their families have been dispersed throughout some sixty-odd nations of the earth to show these nations how to spend our money—and how to get even more to spend.

People do not like to be forced to depend upon charity.

So it is with nations.

Foreign aid, extended to the point of continuous dependency, breeds ill-will.

The truth of this conclusion was demonstrated recently when the Finance Minister of Pakistan publicly expressed grave concern over the harmful effects to his country of continued dependence on United States aid.

A compilation of news dispatches quoting Minister Ali appeared in the May 23, 1957, issue of the Washington Post and Times Herald. By way of illustration, I ask unanimous consent that one of the articles be printed at this point in the RECORD as exhibit A.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXHIBIT A

PAKISTAN AID URGES LIMIT ON UNITED STATES HELP

KARACHI, May 22.—Finance Minister Syed Amjad Ali says Pakistan should "face grim realities" and quit depending so much on United States aid.

Amjad Ali, Pakistan's Ambassador to the United States for 3 years, told newsmen yes-

terday at Peshawar that "our economic dependence on the United States has grown beyond expectations and the sooner we get to our feet, the better for us and the country."

America, he added, was providing Pakistan with between 700,000 and 800,000 tons of grain this year, while the Government was importing a further 300,000 to 400,000 tons independently. America was also providing foreign exchange to help build Pakistan's foreign exchanges reserves as well as giving military and technical aid.

"There must be a limit to our commitments, and it is up to the whole nation to rise to the occasion, face grim realities, and make up what is lost," he declared.

Mr. TALMADGE. Mr. President, we next come to the logical question: Has the expenditure of all these billions of American tax dollars bought any lasting friendships based on this spending and this spending alone?

No. It has brought only adverse criticism and inveterate hatred of the nations involved.

Recent news dispatches from Japan, Formosa, Lebanon, and other countries reporting numerous manifestations of anti-American sentiment are disquieting, indeed. Even Western Europe, according to the United Press, is extending a cool reception to American tourists. I ask unanimous consent that the United Press article entitled "Criticism of Americans by Europeans Has Mushroomed Since the Suez Crisis," marked as exhibit B, be inserted in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXHIBIT B

CRITICISM OF AMERICANS BY EUROPEANS HAS MUSHROOMED SINCE THE SUEZ CRISIS

(By Claire Cox)

(EDITOR'S NOTE.—Criticism of America has mounted in Europe since last fall's Suez crisis. It isn't confined to newspaper accounts and living-room conversations. Even the American tourist abroad this year may hear some of it. United Press correspondent Claire Cox did as she motored with her husband through Britain and the Continent.)

LONDON.—A horde of more than 700,000 Americans are looking forward to trips to Europe this year, but is Europe looking forward to them?

The Italians and French both treat the American tourist as a child—the Italians as their own, the French as someone else's.

Both advertise widely for visits by Americans. Both say they are glad to see Americans. But while the Italians smile when they take your dollars, the French just take them.

COFFEE, CRITICISM

The British don't drink tea so much anymore. These days they down American-style coffee and criticize the United States.

British streets and highways are traveled by Britons in American-style automobiles. London shops feature styles fresh from Fifth Avenue. There is an American-style soda foundation at Shakespeare's birthplace at Stratford.

But Britons make it quite clear that while they may buy American, they don't have to be pro-American.

The Swiss are pleased at the chance of a greater income from tourists than watches. The West Germans are glad Americans feel more free to visit their country and they hope for a revival of the friendly exchanges of postwar—World War I—days.

But some Swiss are angry at the United States for its higher tariffs on Swiss watch movements and its decision not to back the British-French invasion of Suez.

Some West Germans resent American efficiency and dislike Yankees because of the presence of the United States Army in Germany 12 years after the war.

These are impressions gained after 2 months' motoring through Britain and the continent. They came only from dealing with persons who live off the tourist business. A tourist's chances of meeting someone other than a cab driver, a waiter, a tourist guide, or a chambermaid are slim indeed.

Our visit to Britain began with a rocky voyage across the English Channel from France. During that storm-tossed ride I sat fighting off seasickness and was a captive audience for an English woman's attacks on Americans.

"Americans aren't liked anywhere," she said. "They are going to have to find a solution to the Middle East. * * * The Americans didn't do any real ground fighting in World War II. They sent planes to flatten everything and then moved troops in with little fighting."

PREACH FREEDOM

We heard some French criticism of American policies and a Paris cab driver charged us \$8 for a \$1 ride without batting an eye. But a French Government travel bureau official said, "I guess we can be angry at the United States without being angry at all Americans."

A Swiss travel official said, "We hear the United States preach freedom and then clamp down on Swiss watch imports. Otherwise we have a friendly feeling toward individual Americans."

In West Germany, an American travel representative reported, "the attitude toward Americans here is getting better all the time. They do resent us a little but only the somewhat bolsterous draftee types who whoop it up on weekends and paydays."

Mr. TALMADGE. Mr. President, in the future, it would be well for us to remember this lesson that we have learned through hard and costly experience.

Words and dollars can never triumph when national policies are ambiguous, incoherent, and muddled.

Only the continuous vigilance of the American people can stop the powerful forces which are determined to spend us into bankruptcy.

I do not stand alone in my conviction that the irresponsible fiscal policies being followed by our Federal Government pose a continuous and worsening threat to our national existence.

Being such a threat, there is the real danger that a great deal of the agitation for more and more spending on foreign aid and otherwise is prompted, without justification, by some who would hasten the day of our insolvency.

We should remember that the planners have come here year after year asking for more billions, and have promised Congress that if it will just vote this money the world will be safe, that all will be well and American aid can end. Now foreign aid, instead of being sold to Congress as an emergency year-to-year program, has assumed the tag of a permanent obligation of the American taxpayer.

Not being satisfied with giving aid to our friends and allies, we have given billions in aid to the so-called neutralist nations.

We have done this with no questions asked under the fear that some of these recipient nations might take their friendship elsewhere.

We have given millions in economic aid and vast quantities of military supplies to these nations.

No thought has been given to the stark peril that in the future our very arms might be hurled against our own sons.

We have seen Tito, Nehru, Nasser, and others visit and play hosts to the Communists in orgies of friendship and anti-Western demonstration.

Now it is solemnly proposed that we begin a program of "aid" to the Communist satellite countries of eastern Europe.

How much success can we expect there when Tito has taken our jet fighter planes, our weapons, our food, and other aid totaling a billion dollars, yet, publicly, proclaims himself and his country just as close to Moscow as ever?

It is nothing short of catastrophic for our leaders to be deceived into thinking that a red flag by any other name is a different color.

Do we not know that so long as we are committed to this vast and indiscriminate foreign aid policy, the Reds can shout "Wolf," and off we will have to go in all directions with our checkbook as a cure for the world's problems? We will be made the principal target for anyone who may desire to play international blackmail against us.

Cannot we see that under such circumstances the Communists can whip-saw us to eventual collapse between one contrived "emergency" and another?

Contrast our lack of policy with the firm directness of the Soviets. While they make swaggering promises, they negotiate sharp trades and agreements, paradoxically, in the best capitalist tradition.

In the furtherance of their policy of world trouble-making, bluff and bluster, two tourists from Moscow, Soviet Premier Bulganin and pudgy Communist Party Boss Krushchev, staged a noisy and smiling procession for propaganda through India, Burma, and Afghanistan. Throughout their travels, the two men from the Kremlin acted as canny businessmen. They adhered strictly to capitalistic methods. They gave nothing away. They promised nothing for free. If a prospective buyer was a bit hard up for cash they advanced it at a profitable interest rate.

For example, in neutralist India, which had received \$1 billion worth of free goods from the United States, and is now slated to get that much more, the Russians agreed to furnish that country with ore mining machinery, but only on condition that India would purchase a million tons of ferrous metals. Even the widely heralded gift of a Soviet steel mill to their happy and overly gracious host Nehru, was no handout. It is to be repaid to Moscow by 12-year credits at 2½ percent interest.

In Burma, the two traveling salesmen from the Kremlin bought half of the Burmese rice crop and in return arranged to help Burma expand its agri-

culture and industry, not for free, but at an agreed price for goods and services.

In Afghanistan, the touring capitalists from Moscow offered a \$100 million loan to be used for the purchase of goods exclusively from the Soviet Union.

In the face of this new business and financial news, our high-policy makers in Washington panicked. They panicked despite the fact that for the 1954-56 period, Soviet loans to other nations, usually at 2 percent or better interest, totaled only 4 percent of the United States outlays in dollar values during the same period. During this period the United States gave \$12 billion to other nations.

One wonders why this country, with its reputation for ingenuity, organization, and production, cannot secure favorable agreements in carrying out our foreign policy and programs of foreign aid.

The reason, I am afraid, is that the Congress has abdicated much of its constitutional responsibility over appropriations.

By appropriating for economic aid and mutual security larger amounts than possibly can be utilized in a single fiscal year, the Executive has taken control over the purse away from the Congress.

The latest figures published in the May 24, 1957, issue of the U. S. News & World Report, show that over \$70 billion in unexpended balances are on hand in various departments and agencies, and \$7.5 billion of this amount comprises the foreign-aid backlog.

On May 15, 1957, the International Operations Subcommittee of the Committee on Government Operations, of the House of Representatives, issued a most informative and enlightening report on budgetary procedures of the International Cooperation Administration. There is only one conclusion that can be drawn by any open-minded persons after reading this report, and that is the ICA has no budget procedure.

Congress has been handing this agency, and its predecessor agencies, billions of dollars of the people's money, without any previous determination of how the money is to be spent, and without any audit or accurate check to determine whether the money was spent for the purposes intended.

The information in House Report No. 449 is a shocking revelation of the fiscal instability that seems to have gripped our Federal Establishment. After reading this report, I must say with all candor that I am appalled at this arrogant lack of concern for even minimal bookkeeping requirements. I am appalled at the fertile field this program affords for loose practices and the many loopholes it offers, through its lax administrative requirements, for harmful practices.

So that the people of this Nation may know the free-wheeling method by which their tax dollars are appropriated by Congress and expended by the ICA, I ask unanimous consent that a few representative paragraphs from House Report No. 449 on the budgetary practices of the ICA, as taken directly from this report,

be included as a part of my remarks and printed at this juncture in the RECORD as exhibit C.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXHIBIT C

EXCERPTS FROM A REVIEW OF THE BUDGET FORMULATION AND PRESENTATION PRACTICES OF THE INTERNATIONAL COOPERATION ADMINISTRATION

INTRODUCTION

Each year the International Cooperation Administration, flanked by the Departments of State, Defense, and Treasury, and other executive agencies, asks Congress for authority and funds to carry on the mutual-security program for another year. In fiscal year 1958 authority will be requested to continue or initiate mutual-security programs in approximately 60 countries throughout the world and to add an estimated \$3.9 billion to the more than \$60 billion that has been spent for this purpose over the past 10 years.

Documenting this request, and exhibited under military guard to 4 committees of Congress, will be a highly classified printed presentation in 4 or 5 volumes, setting forth, in more than a thousand pages of charts, graphs, schedules, and narrative, the Administration's expression of how the funds requested might be used. It is on this complicated array of information that Congress must base its judgments to authorize, to finance, and to control the Administration's proposals for foreign aid.

THE BUDGET CALL

Within ICA the budget formulation is a continuing operation which precedes the presentation by more than a year. Actually, as a budget for a given year is presented to the Congress, preparation of the budget for the ensuing year is already underway.

To begin the assembly of information upon which the budget presentation will be based, ICA issues a budget call to the directors of the various operations missions, located in each country where ICA operates a foreign-aid program.

In response to this call, the mission director submits a proposed country program, and a proposed level of aid—amount of money—required to carry it out. One would expect the compilation of the country program to include detailed advance planning, careful staff review, and full recognition of existing or foreseeable obstacles to carrying out the activities proposed within the period for which funds are requested. Careful consideration should be given to the availability of United States resources—technicians, equipment, and funds. Administrative prudence would seem to require that the compilation be preceded by discussions in considerable detail with appropriate governmental units of the recipient country, so that the mission could supply ICA/Washington with reliable appraisals of that country's receptivity to the proposed program, its ability to execute and absorb the program, and its prospective contributions thereto.

From the committee's review of individual country programs in operation, it must conclude that performance falls short of this ideal. For the most part, country program submissions are based more on imagination than on fact, comprising broadly conceived aspirations and loose estimates of cost more notable for their appeal than for their practicability.

The committee questioned ICA witnesses in some detail on the extent to which programming was preceded by detailed discussions with the recipient countries. ICA testified that prior to the receipt of appropriations such discussions were only in very general

terms, since negotiations on a detailed basis with those countries might give rise to expectations which ICA could not later satisfy, if Congress disapproved the proposed programs or curtailed funds. We find it hard to believe that American diplomatic personnel are so inept at negotiation that they could not explore proposals a good deal more than is now done without irrevocably committing this Government to a course of action prematurely.

As an example of the shortcomings to which lack of fuller discussion contributes, it is clear from the testimony that ICA generally lacks firm assurances, prior to requesting funds from the Congress, as to what contributions the recipient country will make to particular projects or to the overall country program. It would seem that a very precise determination of the size of this contribution would be essential in determining what would be needed in the way of United States funds.

To explore the correctness of ICA's contention in this regard, the subcommittee reviewed the narrative portions of ICA's 1957 budget presentation. It was found that the narrative supplies labels but not reasons. It tells, in general terms, what the money is to be expended for, but not why. The various proposals made have substantive aims but no apparent quantitative objectives. The statement that a given sum is required to "balance the recipient country's budget" is an explanation, of sorts, of the use intended, but it does not explain why this particular amount of money is required rather than some other amount, how long this process must go on, what United States security or policy objectives are furthered by the activity, or what the alternatives are to proceeding as proposed.

This is not merely a matter of faulty presentation that could be corrected if more care and attention were devoted to the preparation of this narrative material. ICA witnesses testified that there does not exist, anywhere within ICA, a "single statement covering all the reasons why a particular aid level for a particular country was decided upon at the time it was decided upon."

The net result is that the Congress is being asked to authorize and appropriate funds upon the basis of vague generalities, and is not provided with the specific facts and reasons necessary for proper evaluation of the requests made.

As the House Appropriations Committee, after reviewing the 1957 presentation, stated in its report:

"Committee deliberations are made more difficult, too, by the lack of information as to past accomplishments, and the vagueness of data on projected programs. It appears that frequently programs are formulated with little or no consideration of the needs of the country or countries concerned."

The 1957 budget presentation, for the first time, contained a list of proposed projects for each country. But it did not include sufficient information to permit their evaluation from the standpoint of reasonableness and desirability. And although this list makes it possible to determine what portion of each country program is planned as project aid and which is nonproject aid, it is still impossible to determine the bases upon which the levels of aid were determined.

This in effect asks Congress to take on faith the entire foreign aid program. The alternative is to require more and better information from the agency.

Substantial amounts of the local currencies received through sales of surplus agricultural commodities by the Department of Agriculture under Public Law 480 (Agricultural Trade Development and Assistance Act

of 1954) are allocated to ICA for use in the mutual security program. At March 31, 1956, just before the 1957 budget presentation was made, an aggregate of over \$500 million of such currencies had been programmed to ICA for use in various countries on the basis of executed Public Law 480 sales agreements. There is no clear indication in the 1957 budget presentation that these funds have been taken into account in ICA planning either on a country basis or overall. At March 31, 1957, the most recent date for which full data is available, this amount has been increased to over \$1 billion.

ICA witnesses testified that almost half of the Public Law 480 funds are used in countries where ICA has no aid program. It is not clear whether aid programs might have been established in those countries if there had been no Public Law 480 funds. Congressional committees reviewing the 1957 budget request were concerned by this problem, and ICA witnesses expanded somewhat upon the formal presentation by testimony relating to Public Law 480 fund availability. It does not appear from the published hearings, however, any more than from the presentation material, that ICA supplied a clear, satisfactory answer to the questions we ask here.

"ILLUSTRATIVE" BUDGET PRESENTATION

The manner of budget presentation used by ICA and its predecessors is very unlikely that normally employed by executive agencies in requesting funds from the Congress. Instead of listing the specific activities which will definitely make up the foreign-aid program for the coming year, an activity or a type of activity is set forth as merely illustrative of the kind of program that will be carried out if changing circumstances do not prevent it. This has the effect of not binding the agency to any specific activities, and so the Congress never knows in advance what new activities will be started during the coming year, or what unfinished activities will be continued.

The prior knowledge by ICA personnel, at headquarters and in the field, that the "illustrative" budget presented is neither final nor binding upon the agency, may well be a major contributing factor to the inadequacies in planning that we have noted previously. In submitting its budget, ICA seems less concerned with the presentation of a planned program than with securing a lump sum of money for expenditure as the agency sees fit.

CONCLUSIONS

1. The illustrative method of budget presentation does not bind ICA to carry out any of the activities proposed to the Congress. In fact, it permits the agency complete discretion in the use of funds, free of the restraints, checks, and balances generally imposed upon the executive branch. It does not provide the Congress with a full understanding of what the agency is doing, what it has done, and what it intends to do.

11. ICA consistently asks for and receives more money than it has ever been able to use in the year for which requested. This practice has invited the hasty, last-minute obligation of unused funds, which precludes their return to the Treasury.

12. Funds allocated to ICA from the proceeds of sales of surplus agricultural commodities under Public Law 480 have the effect of supplementing the ICA budget. In fiscal year 1957, when the nonmilitary mutual-security budget ran to about \$1.5 billion, this supplement amounted to an additional half billion dollars. Neither the 1957 budget presentation nor testimony before this committee makes clear to what

extent, if any, ICA considers the availability of these funds in compiling its budget request. The omission of this information makes it difficult for the Congress to determine the amount by which the cost of the foreign-aid program actually exceeds the ICA budget.

Mr. TALMADGE. Mr. President, we have seen the veil of secrecy cloak all of the misdeeds, waste, and extravagance which have been committed in the name of foreign aid. A total blackout has been in effect on military assistance, and it has been hard to get information on other expenditures.

Ordinary care demands that if foreign aid is remotely beneficial, it should not be dribbled away on ill-considered projects all over the world. The taxpayers who pay the bill are entitled to something more than vague assurances that all is well.

It appears to the uninitiated that our foreign-aid planners prefer to speak in an unknown tongue, in order to confuse and confound the average citizen. It is not without significance that ICA Director Hollister confirmed this fact when he appeared before a Senate committee. Mr. Hollister agreed that "there are so many facets to ICA that it is pretty hard to keep up with all of them." It is "very complicated," he said, and added, "I think that perhaps a fresh approach would be very wise."

I have studied diligently a mass of information, such as is available. Finding specific information as to results and finding consistent information as to the amounts of money involved in foreign aid are difficult tasks. It is hard to draw tangible conclusions. Much of the material upon which these huge appropriations have been based ranges between unsupported opinion and monstrous total figures beyond all comprehension.

I detected one thread of truth that seemed to weave in and out of all of these reports—that all claims for positive results are always nebulous. It was with regret that I found that to be the case even in the final report of the Special Senate Committee To Study the Foreign Aid Program, as released May 13, 1957.

A few selected quotations, under the heading "Contribution of Postwar Aid to National Interest," excerpted from this report are indicative of what I mean. Here are a few examples:

Impossible to say with certainty how much better off or worse off the United States is today because of these expenditures.

One can only guess. * * *

One can estimate. * * *

Greece and Turkey might today be behind the Iron Curtain. * * *

Formosa might have fallen. * * *

Western Europe might never have recovered. * * *

Iran might never have survived.

It does seem that the American taxpayer is entitled to a little more concrete information on what his billions of tax dollars have bought.

Semiannual reports to the Congress on activities of the mutual-security program are no more illuminating.

The 26-page printed report of the International Cooperation Administration,

for the 6-month period ending December 31, 1956, sent to Congress earlier this year, purports to account for the expenditure of billions of dollars.

Just taking the \$3,767,000,000 mutual security appropriations' figure for the current fiscal year, we find that only a page is used to explain \$145 million in expenditures. And, at an average of 80 lines to a page, a single line of the report represents expenditures of \$1,811,057.69.

Lack of specific information, general vagueness, and absence of coordination of the report is a true index to the nature and character of the program we are being asked to continue.

Without doubt, one of the most shocking and disheartening governmental reports ever made was that rendered earlier this year by the International Operations Subcommittee of the Committee on Government Operations of the House of Representatives.

This report deals with the operation of American-aid programs in Iran and even to the casual observer the findings here must be accepted as reflective to a lesser or greater degree of foreign aid administration in other countries.

It is an eye opener.

It shows beyond all doubt that foreign economic aid, as an effective, instrument of policy, is the epitome of futility.

I ask unanimous consent that certain selected excerpts from this report, taken from pages 54, 55, 56, 57, and 58, and marked as exhibit D be included at this point as a part of my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXHIBIT D

EXCERPTS FROM A REPORT ON UNITED STATES AID OPERATIONS IN IRAN—REPORT OF THE INTERNATIONAL OPERATIONS SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS

What this picture adds up to is simply that we have, from 1951 through 1956, spent over a quarter of a billion dollars of United States tax money in Iran, including 3 years of support to that Government's extraordinarily flexible budget, at an average rate of \$5 million a month, with a new set of justifications and a new set of reasons being presented to the Congress each year as to why aid at this level should be continued.

As significant as the statements made in behalf of the program have been, the subcommittee finds that presentations to the Congress have been even more notable for the facts they have omitted. There has been a consistent failure to indicate to the Congress that Iran in many respects, and even during the period of oil nationalization, was essentially a solvent country quite capable of working out its own financial problems.

The essential and secure source of Iran's wealth, namely, her oil, is sufficiently recognized in the world's financial circles to make the negotiation of long-range loans quite feasible. Yet Iran has been reluctant to use its loan opportunities, both through the Export-Import Bank and the International Bank for Reconstruction and Development, and this reluctance is apparently explained by Iran on the grounds that loans are politically unpopular while outright grants are not.

There was, as well, a failure to tell the Congress that \$10 million of United States aid funds used to underwrite a currency issue could have been obviated by a change in Iranian law. Expert witnesses before the

subcommittee admitted that the Iranian currency, even before this \$10 million transaction occurred, was one of the best backed currencies in the world. Moreover, an examination of the gold and foreign exchange holdings of the Bank Mellī, Iran's central bank, showed its position to be strong throughout the period of so-called crises.

The faults of the use of the so-called illustrative program are amply demonstrated in congressional presentations on Iran.

Illustrative programs are not actually programs in any planned sense. Instead, they are lump-sum requests for funds under broad categories such as agricultural and natural resources, or health and sanitation, supplemented by a general narrative statement of the agency's intentions for the year.

The more significant thing, however, is not the lack of specificity of the justifications, but rather the fact that they involve no commitment that the money appropriated will be spent for the items mentioned.

The entire presentation is intended to be only illustrative of the way the agency expects the money will be spent. Only after Congress has appropriated the money does the International Cooperation Administration get down to the business of doing firm and specific planning and negotiating with the host country government. The next year Congress will be told, under similarly broad categories, how the expenditures were actually made.

The essential justification given by the agency for continuing the illustrative method of programing and budget presentation is that United States representatives in the field must have a firm allotment of money in hand before they can negotiate programs with aid-receiving governments. According to spokesmen for the International Cooperation Administration foreign government officials will not negotiate agreements on a hypothetical basis. They must be assured that United States funds will be made available. The subcommittee has no basis for disputing this, but it does feel impelled to point out that not only does it put the United States in the position of accepting hypothetical commitments by host governments but it also involves asking the United States Congress to grant firm amounts of money on the hypothetical basis that a good use will be discovered for it.

In connection with reports to the Congress on the use of budgetary assistance funds the most glaring omission is the absence of information on what was done with them once they were received by the host country. Reports to the Congress go into considerable detail as to the form in which this assistance was made available, whether in imports of sugar, vehicles, industrial machinery, and so on. Yet, for the most part, this tells the less significant aspect of the use of budgetary assistance funds. What counts most is the way the recipient government spent the money received by it through these imports, and on that side of the picture congressional presentations are very nearly silent. As an example, the congressional presentation material describing how the first budgetary assistance funds were used treats this aspect of the picture in the one following sentence:

"The total effect of these various forms of assistance has been to provide the Government of Iran with a source of local currency with which to help meet government operating expenses, and to carry out minimum essential projects in housing, road improvement, water supply, and health."

Nowhere does it mention \$3 million used to raise Government salaries, \$12 million used to make up deficits of the National Iranian Oil Co., \$1.1 million for bonuses to the army, police, and gendarmerie. Nowhere does it mention that after receiving

United States aid, the budget deficit increased rather than decreased. Even where the presentation stresses the illegal expansion of the Iranian currency under the Mossadegh regime, in describing the chaotic situation of August 1953 it omits mention of the fact that the currency even after expansion was still sound and that the new government found it necessary to undertake a similar expansion and in that connection to have the currency law liberalized.

In the judgment of the subcommittee, the Congress should require as a condition of all future grants of budgetary aid an accounting not only of how United States dollars were expended in the United States, but how the resultant income was utilized by the receiving country. It is this latter information which affords the only sound basis for judgment as to whether it is being wisely used. Perhaps most noteworthy in this connection is the fact that reports from the field to the Department of State and to ICA in Washington contain this kind of information, but the Congress never gets it without digging for it.

The overwhelming reluctance which key ICA officials have displayed in laying their cards on the table before this subcommittee, indeed the apparent intent of some of the principal witnesses to snow the subcommittee under with irrelevant and gratuitous side issues, has shaken the subcommittee's confidence in the soundness of the reports on which Congress has based its judgments of the entire foreign-aid operation. As a result, the serious deficiencies in the Iran program are not now the principal concern of the subcommittee. With the exercise of a good deal of charity it might be possible to understand many of these as isolated and peculiar to the time and place. But the most far-reaching and disturbing discovery the subcommittee made in the course of this investigation was that the principal officials in charge of this program either could not recognize these deficiencies or were dedicated to the task, especially in dealing with the Congress, of defending by highly questionable means indefensible performances.

The subcommittee recommends, therefore, to the Congress that it give wholehearted support and continuous attention to responsible studies being made or to be made of foreign-aid programs, especially those under congressional auspices. It is apparent that tremendous obstacles will confront every such effort. For this reason, superficial reviews over brief periods of time can be worse than useless. In this field of Government operations, perhaps more than in any other, haste is apt to overlook many essentially black situations which tend to escape notice by being covered with a coat of whitewash.

Perhaps the most sobering thought to be expressed about the Iranian-aid program is that it is inextricably wound up with our foreign policy as a whole in Iran and if our foreign policy today in other lands is as entangled with economic-aid operations of the kind described in this report, it is leaning on a poor kind of instrument indeed. Even more serious is the fact that corrective action, obviously so badly needed, in the conduct of aid operations cannot but severely wrench the whole fabric of our current concepts of foreign policy. To that extent, precipitate action is fraught with difficulty. Yet, if the only way to prevent the further degeneration of foreign aid is to take such action, it would perhaps be well worth whatever risks may appear to be involved.

Mr. TALMADGE. Mr. President, we find that some of those seeking to justify a continuation of foreign aid resort to many reasons for doing so. The chief among them being:

First. It "contains" communism.

Second. It prevents depression at home.

Third. It reduces the need for arms and men in our own forces.

Fourth. It is a vehicle for friendship and humanitarianism.

Fifth. It is a means of winning less-developed nations to freedom.

Sixth. It is the principal bulwark of world peace.

Seventh. It acts as a lid to cap explosive political situations.

Eighth. It is a stimulator of world trade, investment, and free enterprise throughout the world.

If all those things were true foreign aid would be a cure for all world problems.

Unfortunately, we cannot spend ourselves rich.

We cannot give ourselves strong.

And we had best not rely on others at this late date to do our fighting for us.

While some segments of American business, particularly the large industrial groups and some banks have profited from foreign aid, it is a gross absurdity to contend that America's economic well-being is dependent on foreign aid giveaways. Our gross national product now exceeds \$400 billion per year.

Foreign aid expenditures are only a fraction of this amount, and in view of a substantial use of some of the money to make purchases of goods and supplies abroad, it contributes even less to our total economy, that standpoint considered.

It is to disregard fact for any person to look upon these expenditures other than a drain on our people, a drain on our country, and a burden on generations of Americans yet unborn.

We have heard much recently about the Fairless report.

While I do not agree entirely with all the conclusions contained in the March 1, 1957, report to the President by the Citizens Committee on Foreign Aid, of which Hon. Benjamin F. Fairless was coordinator, the report, though not a detailed one, did contain several suggestions for improved administration which should have been implemented immediately.

It is a pity that this report, like many others calling for reforms and improved procedures, has been shelved to gather dust.

Apparently the only passage taken seriously was the mild committee conclusion that a collective security program will be necessary for some years to come.

But even this recommendation was tempered by the admonition that assistance in grant form should be given only those exceptional cases where it is clearly in the national interest to do so and when the recipient countries are adjudged unable to repay.

The Fairless committee, expressing concern over recent cutbacks in planned western contributions to free world armament, urged a higher priority—be given—in foreign assistance programs—to those countries which have joined the collective security system.

Our Government, the report said, should marshal our resources to help

those nations which share our apprehension of the threat of the Communist conspiracy and share the same judgment as to the measures necessary to defend against it.

I share that view particularly as regards helping Britain and other allies in maintaining sufficient armament to meet Communist forces whenever and wherever they should seek to move aggressively.

When historians analyze United States post-World War II aid programs they may well conclude that we have scattered our shot and that we would have been far better off concentrating much of our backing behind a few trusted allies, with the primary responsibility upon them for maintaining order in their respective spheres of influence.

Instead, we have tried to make first-rate powers out of fourth-rate powers, all at the expense of our allies and ourselves.

In his message on mutual security delivered to the Congress May 21, 1957, the President called for a new loan policy, if it can rightly be called that.

The President's description of these so-called loans, to be dished by the ICA deserves close scrutiny.

Here is how he defined the ICA loan policy:

These loans should be made on a reasonable expectation of repayment in dollars or local currencies, even though we should recognize that this expectation would be based on confidence in the long-range development of the borrowing country and of hope for an improved international political climate rather than on presently demonstrable financial soundness.

This policy, of course, does not follow the policy suggested by the Fairless Committee.

The Committee suggested that in loans made to other nations a sound policy be adhered to, as follows:

In our view loans by the United States repayable in the inconvertible currencies of foreign nations are undesirable and the practice of granting them should be terminated. Our relations with other countries will suffer from United States control of large amounts of their currencies. The soundness of the loan device should not be jeopardized by inviting repayment in foreign currencies which cannot be freely spent by the United States.

Similarly, the validity of international contracts should not be undermined by the granting of loans in circumstances which there is grave doubt as to the ability of the borrower to repay. We recognize, however, that there will be cases in which it is in the interest of the United States to make dollar loans on more liberal terms than those of the established public banks with respect to interest rates and periods of repayment.

Any similarity between the recommendations of the Fairless Committee and administration recommendations is purely superficial.

For instance, the Committee suggested aid programs geared to 2-year periods, to be submitted to each Congress, rather than at each session.

The President's message, however, envisions an indefinite loan program under ICA of unspecified duration with pyramiding amounts necessary to finance it. He asks authority to borrow from the

Treasury in succeeding years within stated limits. He requests \$500 million for the loan fund for the 1957 fiscal year and \$750 million for each of the next 2 succeeding fiscal years.

Director John B. Hollister, of ICA, even urged Congress to go further than it ever has in surrendering its power over appropriations when he appeared earlier this year before the Senate Foreign Relations Committee to argue for authority to spend as much as \$2 billion in economic aid to friendly countries over the next 3 years.

Though the President's message to Congress on foreign aid did not come to the House until May 21, 1957, William S. White, of the New York Times, as early as April 8, in a copyrighted dispatch revealed the present concept of indefinite aid. The first paragraph of his article told the story.

The Eisenhower administration presented to Congress today a fundamentally altered mutual-security program that would commit this country frankly to foreign aid for indefinite years ahead.

Mr. White wrote of Secretary of State Dulles' testimony before the Special Senate Committee To Study the Foreign Aid Program.

Mr. Dulles presented the plan as a new approach, calling for the establishment of a special economic development fund with capital authorization sufficient for several years to extend economic aid on a loan basis, the Times story revealed.

It is the same old "temporary" foreign economic aid program but in new and admittedly permanent dress.

If it is felt that this Nation in promoting its interests must assist other countries in their economic development, there are ways much more effective and considerably less costly than direct handouts from the Federal Treasury.

One way would be to stimulate the flow of American capital into needy and underdeveloped nations through the incentive of fast tax writeoffs, such as are now granted to industries engaged in defense production.

Another way would be to expand the capacity of the World Bank to make long-term, low-interest loans to worthy nations upon the security of such collateral as undeveloped natural resources or industrial potential.

In so doing, the United States would be able to achieve its goal without insulting the beneficiaries of its assistance, and even more important, without bankrupting the American people.

We should not, with tongue in cheek, continue to make outright grants calling them loans.

The question now confronting Congress and all Americans is whether we have learned our lesson from sad experience.

A recent Commerce Department report revealed that the United States has put up more than \$62 billion for foreign aid since July 1, 1945, representing an amount equal to \$364 for every man, woman, and child living in this country.

What have we bought with all this money?

A total security blackout shields expenditures for military aid from inquiry.

But we do know how some \$40 billion in American economic aid and outright grants have been used.

They have been used to subsidize tax cuts in foreign lands while tax reduction has been denied our people here at home.

They have been used to pay off national debts of foreign countries like Norway and Denmark, while our own debt has mounted higher and higher.

They have been used to stabilize foreign currencies while inflation feeds like a brushfire at home.

They have been used to add millions of acres to foreign farm crop production, while acreage allotments for our own farmers have been reduced here at home.

Vast hydroelectric dams and irrigation and river development projects are being carried on all over the world, while floods continue to ravage our land and while our own industries cry for more power.

A million dollars of our tax money is being used in Paraguay for the benefit of a single religious sect while such a practice would be frowned on as unconstitutional and contrary to public policy in our own country.

We are spending billions in foreign countries to reclaim or open up new lands and build all types of new housing while our own people and our veterans are relegated to substandard housing.

Highways and bridges are being built in foreign lands while our own road system has been neglected for many years.

While many of our farmers cannot get their crops to market over muddy roads, we build a huge six-lane turnpike in Portugal to a gambling resort.

While millions of Americans are sweating over their tax returns, our Government sends a "hot-lips" musician on a foreign tour and pays him more than the President.

While unfair foreign competition is closing the doors of numerous American industries, we continue to send our technicians and machines to foreign lands to provide the know-how to produce goods that will destroy markets for our own, due to the vast differential between slave wages and free wages.

Why, we have even built public restrooms in the Philippines, and bathing facilities for Egyptian camel drivers. We have sent collapsible toothpaste tubes to Cambodia, dress suits to Grecian undertakers, and iceboxes to Eskimos.

We are sending our millions to King Saud, who maintains 24 palaces, 250 custom-built Cadillacs, a fleet of private airliners, and whose personal income from vast oil reserves has been estimated at around \$48 million a year.

We have spent opera singers to Italy, and ultra-violet ray lamps to India. And we have set up a pension program for over-age Chinese Nationalist soldiers.

While rice production is less here than in Korea, our technicians have gone there to try to tell them how to raise rice.

We built a silica processing plant on Formosa, where there was not enough silica to justify its operation.

We are giving free air trips for Arabs who wish to visit Mecca.

We have built iron and steel plants costing nearly a billion dollars in 24 countries.

We spent \$2 million to provide water and public bath facilities for 200 Lebanese villages.

We have built an Italian village that nobody wanted to live in.

We have built a road in Iran that leads to nowhere.

We spent 501,097 United States dollars for a wage and position classification study for the Philippine Government while we only spent \$205,076.29 for a special Senate committee study of the effectiveness of the entire \$62 billion postwar foreign aid program.

The multitude of foreign aid giveaways which have been carried on by this country includes apartment houses, railroads, rolling stock, mining equipment, steel mills, factories, banks, generating plants, machines, machine tools, building materials, supplies, equipment, commercial airplanes, aviation facilities, storage facilities, warehouses, schools, laboratories, hospitals, power dams, reservoirs, office buildings, telecommunication systems, thousands of irrigation wells, American industrial know-how and engineering techniques and a host of other such items for over 60 countries.

All of these things—and many more—have been financed by the citizens who sent us here to represent them.

Mr. President, I must voice my opposition to such spending abroad—however worthy or needed—which could not, even by the remotest stretch of the imagination, contribute one iota to the strength or security of our country or the free world.

I am opposed to economic aid when it is done at the expense of the already overburdened American taxpayer who today is shouldering the greatest tax load of any citizen in history.

The time has come to seek elimination from the budget of purely foreign economic aid and for a thorough and searching examination of each military assistance project to insure that the American taxpayer is getting his money's worth in national security.

Wise expenditure of military assistance funds could be insured by reducing the appropriation for that purpose for the 1957 fiscal year to an amount not to exceed \$1 billion.

Elimination of all economic aid and a ceiling on military assistance would not abruptly curtail present aid programs for there presently remains unspent \$7.5 billion of previous appropriations for economic aid and military assistance, besides new money now being sought.

Economic aid could be liquidated without another dollar being appropriated by the Congress. It could be ended this year without substantially disturbing the commitments already made. This could readily be done because there are still approximately \$7.5 billion already appropriated, and yet unspent, for supplies

and techniques in the many "pipelines" stretching from our Treasury in Washington to the numerous beneficiaries in foreign countries.

Under rigid supervision and strict accounting, these pipelines could flow for several years more to discharge their contents without our putting new money into them.

I am opposed to subsidizing all manner of economic aid projects abroad so long as our own people—our farmers, our veterans, their widows and their dependents, our social security recipients, our retired people, our old people, our disabled citizens, our dependent children, and all those unable to take care of themselves—are not adequately provided for here at home.

Mr. President, on June 23, 1954, one of our greatest living generals, speaking before an assemblage of the Nation's newspaper editors in Washington, D. C., expressed some interesting convictions of his relative to the effectiveness of foreign aid. His remarks are pertinent to the discussion here, and I wish to read them to this body. He said:

The United States cannot be an Atlas. It cannot by its financial sacrifices carry all other nations of the world on its shoulders, and we should stop giveaway programs.

Now this is very true. You could not keep any other country in the world free merely by money. You can't buy or import a heart, or a soul, or a determination to remain free. Consequently, the statement that American so-called giveaway programs are not going to keep the world free is absolutely true.

Three years' history since those words were uttered confirms their wisdom and truth.

The words of this great military leader do not seem un-American or isolationist to me.

They sound like Jeffersonian democracy.

What general, you ask, made this statement?

It was Dwight David Eisenhower.

It was the same General Eisenhower who said in 1952:

Certainly, I know we must find a substitute for the purely temporary business of bolstering free nations through annual handouts. That gets neither permanent results nor real friends.

That was the general.

That was the President.

That was the Republican who made the statement to the Nation's editors that foreign aid will not buy other nations the determination to remain free, and should be stopped.

I agree with the wise and sagacious words of the Republican general and the Republican President.

It is with regret, and with all due respect, that I must voice my sharp disagreement with the "modern" Republican President.

The people of America are determined to save the blessings of free government and individual liberty.

To save America, the humanitarianism of old-fashioned democracy must live.

To save America, the stability and security of old-fashioned Republicanism must live.

To save America, all of the faith that is epitomized by the oldtime religion must live.

Let no one be deceived by the cries of those who would destroy us. A return to fundamentals is the key to survival in this day and age even more than was the case in all the other periods of great stress and strain that have marked the life of our Nation.

A militarily impregnable America and an economically invincible America are the world's best and only hope for peace.

If we are to perpetuate our blood-won birthright for ourselves and for our posterity, the welfare of the American people and the solvency, safety, security, and sovereignty of our own country must be our primary concern.

It is mine, Mr. President, and I shall so vote.

I yield the floor.

THE "OPEN CURTAIN" PROPOSAL OF SENATOR JOHNSON OF TEXAS

Mr. FULBRIGHT obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Arkansas yield for that purpose?

Mr. FULBRIGHT. I do not really require a quorum.

Mr. MANSFIELD. I have been asked by several Senators that they be notified when the Senator from Arkansas begins his speech.

Mr. FULBRIGHT. Very well; I yield for that purpose.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, one of the poorest and most disappointing performances I have seen in many years was the reaction of the Secretary of State to the open curtain proposal made by our majority leader.

There are times when a man should be forthright and frank and refuse to take refuge in half-truths and evasions. There are times when a man should seize an opportunity and press it vigorously and boldly.

Those times frequently come to a man who has the responsibility of steering the foreign policy of the strongest nation in the free world.

The proposal of the majority leader was forthright and bold. It called upon our officials to act at a certain time when events were coming to a dramatic climax.

The majority leader did not blame any fellow American for our present state of affairs. He said that now is the time to act—now is the time to strike when the iron is hot.

I have looked over the Secretary's press conference reaction to the proposal. He says, in effect, that this country made a similar proposal in 1955 and that "we are constantly pressing the Soviets, for example, for these reciprocal facilities to speak to the Soviet people."

Mr. President, I have been associated with the Senate Foreign Relations Committee for many years. I have a reasonable familiarity with the activities undertaken by those who have the responsibility for our relations abroad.

If American representatives have been "pressing" the Soviet Union for the "open curtain" proposal for the past 18 months, it is the best kept secret since the first atomic bomb was made.

Mr. Arthur Krock, one of the most eminent and distinguished journalists of our time, puts the facts succinctly in his column this morning. He says, and I quote:

This role played by the Senate majority leader, therefore, was of vastly more importance than could be gathered from this comment by the Secretary: "I was very glad indeed to see the strong endorsement of that (point 9) concept by Senator JOHNSON the other day. He made about the same proposal, or at least adapted, you might say, the same proposal that the United States had made (at Geneva). We have been pressing for (it) off and on, with consistency, for the last 18 months." But in reality what JOHNSON did was to move this Government to resume the initiative on this front after a long period of virtual inaction. And his formula is the most precise and detailed in the record.

Even more puzzling is the Secretary's implied claim that the "open curtain" proposal represents administration policy. Apparently he is not aware of the views of his chief—the President of the United States.

The President, in his press conference on June 5, dismissed the Khrushchev broadcast as "a commercial firm in this country, trying to improve its own commercial standing."

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. The Senator from Arkansas is bringing out a very important and very significant aspect of the proposal made by the distinguished majority leader last Saturday evening in New York.

I should like to ask the Senator from Arkansas what connotation he places on the President's reference to the CBS sponsoring of the Khrushchev program as a commercial firm in this country trying to improve its own commercial standing. Does the Senator believe the CBS performed a public service in trying to bring one of the leaders of the Soviet Union into the homes of the American people, so that the American people could see what he looked like and hear what he had to say? Are we afraid of this man? Do we believe that what he has to say will contaminate us? Are we so fear stricken that we are absolutely helpless in the face of a broadcast by a Soviet leader?

Mr. FULBRIGHT. The Senator from Montana has emphasized one of the points which should be considered. I

believe CBS performed a public service. I thought it afforded us a great opportunity. The President's remarks clearly show his disapprobation of the whole performance and he took this particular way to indicate it.

Mr. MANSFIELD. Is not that kind of performance exactly what we have been trying to bring about, under point 9 of the Geneva agreement, since 1955?

Mr. FULBRIGHT. The Senator is quite correct. It was precisely in line with that point. What I am trying to say is that our policy has not been, so far as I know, to follow up on that point; nor has there been any initiative along that line. Here an opportunity was given us by the other side. They gave us a perfect opportunity to say, "That's fine. We would like to do something like that in Russia."

Mr. MANSFIELD. Exactly. However, we have not been pressing, as the Secretary of State says, to bring about this sort of interchange on a mutual basis during the past 18 months.

Mr. FULBRIGHT. Not only have we not been pressing, but the attitude of our own officials has been one of complete inaction. In fact, the President did not even deign to make a direct comment on the broadcast at the time, and Mr. Hagerty, the journalist who is working with the President, said the President was "aware of the broadcast, but did not hear it."

Mr. MANSFIELD. Is it not a fact that there is a possibility that we may have been pressing in reverse? I say that because in 1955 the Soviet Acting Minister of Agriculture, Matskevich, broadcast over the Voice of America from Washington to the Russian people that the American people were their friends. So we have a Government agency, the Voice of America, allowing a minister in the Soviet Cabinet to use our facilities to tell the Russian people what he was observing in this country.

If it was good for this Government to do that then, I see no reason why it was not good for CBS, in reverse, to do what it did in the case of one of the leaders of the Soviet Union. If we could carry the Johnson plan into effect, on a reciprocal basis, I am quite certain that the Russian people, as distinct from their leaders, would be the greater beneficiaries. So far as the American people are concerned, we have nothing to fear. Certainly we cannot be contaminated by what the Russian leaders may have to say.

Mr. FULBRIGHT. I appreciate the Senator's remarks. His last observation is to me practically the core of this situation. The administration has given the impression that it is fearful that these broadcasts will convert the American people to communism, or will weaken their belief in our own system. That, I think, is completely wrong. We ought to welcome broadcasts such as Khrushchev's, because they subject the views of world leaders to critical analysis, not only by our own people but also by the people of the rest of the world. It would be a very interesting debate before all the world, if such an exchange as that

suggested by the majority leader could be arranged.

Mr. MANSFIELD. Mr. President, it is my understanding that Khrushchev's CBS broadcast has been rebroadcast in the Soviet Union and in Communist China. It is my further understanding that certain parts of the broadcast have been deleted, so that the people of those two countries did not get the full text of what Mr. Khrushchev said to the American people. That in itself, in my opinion, is an indication of weakness.

The mere fact that deletions were made would seem to indicate that there were some things which the Soviet leaders did not want their own people to hear. So far as we are concerned, anything our leaders say could be said to the entire world, and there would be no deletions made, because we have truth on our side.

Mr. FULBRIGHT. The Senator is quite correct. In any case the suggestion ought to be subjected to discussion and analysis. What I object to is our lack of interest in promoting this approach. I agree that it may be difficult to make the arrangement. I do not know whether the Russians will permit it. However, the only way to find out is to make the proposal and to press for it every day, as the majority leader has suggested.

The President's direct comment on the opportunities offered by the Khrushchev broadcast was as follows:

I would say this: If the Soviet Union, in return for that courtesy of themselves wanted to ask an American, no matter who it might be, because, after all, you know Khrushchev is not the head of the Russian state—except in power [laughter]—but if they should should invite an American to come, and guarantee that there would be no jamming, there would be no interference, that they wouldn't put up counterattractions to take people away from their radios, and all that sort of thing, for that time, if you can believe that that will happen, I can tell you this, that somebody in this Government would be glad to accept.

Mr. President, is this the reaction of an administration that is actively pressing for the open curtain? Is this the kind of response which would meet the call of the majority leader for bold, vigorous action?

Does this represent initiative? Does prying open the Iron Curtain mean that we sit back and wait for an invitation from Khrushchev? Is this a strong demand that Khrushchev permit our leaders to address the Russian people as he has addressed ours?

Apparently, the Secretary has some friends who think it is. Mr. Edson, NEA columnist, said yesterday that the Secretary "punctured the Johnson balloon pretty effectively but the Secretary let it down gently, with more butter."

I agree with Mr. Edson in one respect. It is that the Secretary of State has the habit of letting constructive proposals down gently "with more butter." But, somehow, I do not think that "butter" is the key to prying open the Iron Curtain.

The Secretary of State apparently clings to the idea that his only interest would be in a full-blown agreement for

regular weekly broadcasts. I agree that this should be the objective. But I submit that it is far wiser to take whatever steps are possible in the belief that with experience and through trial and error we may break down the antagonisms which now threaten the entire world.

The point is to act when an opportunity is presented, rather than to let an opportunity go by default.

Mr. President, the Secretary repeatedly calls for bipartisanship. He has had it from this Congress—fully, completely, and honorably.

He will continue to have it because foreign policy must not become a political football if the Nation is to survive. But I tell the Secretary frankly that his supercilious reaction to the majority leader's proposal does not inspire confidence.

The best that can be said for him is that he reached back to a proposal made 18 months ago—when the time was not ripe—merely to demonstrate that he was not caught napping.

Instead, he should grasp this opportunity to join in a proposal made for action now. He would have had the wholehearted and enthusiastic backing of Congress and, I think, of the country.

Mr. President, I refer again to the terse and accurate logic employed by Mr. Krock in his article this morning. He said:

Immediately following the Khrushchev television interview the President, the Secretary, or some high-level representative could have thrown this book at the Kremlin and repeated the proposals. Instead, for a week the administration discussed what countermeasures to take and announced no conclusions.

I ask unanimous consent that Mr. Krock's fine column in this morning's New York Times be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of June 13, 1957]

A GREAT DEAL MORE "OFF" THAN "ON"

(By Arthur Krock)

WASHINGTON, June 12.—It is a matter of record that point 9 in the 17 principles for broader East-West relations that were presented to the Soviets at Geneva in October 1955, by the French on behalf of the western powers was a proposal that once a month, or thereabouts, the radio communications of all 4 nations be opened to free exchanges of talks on current affairs. This was correctly recalled by Secretary of State Dulles at his news conference yesterday.

But it is equally true that all American-Soviet exchanges on these proposals, including point 9, were terminated by Washington from the time of the brutal Soviet repression of the uprising in Hungary until last April, and that since the exchanges were resumed there has been no pressing by United States authorities with respect to point 9, despite the Secretary's statement to the same news conference that he understood there had been.

It is also true that for the week after the Khrushchev television interview arranged by the Columbia Broadcasting System, the administration, instead of seizing the opportunity to revive point 9, and in full force, was unable to make up its mind on a countermove. After the events in Hungary it

was not until Senator LYNDON B. JOHNSON, the majority leader in his branch, made the New York City speech in which, greatly expanding point 9, he urged that we should not let a single day pass without raising the issue of the free flow of information with the Kremlin, the United Nations, and by every other means, that any high administration official pressed this vital proposal in the Geneva principles.

JOHNSON'S ROLE

This role played by the Senate majority leader therefore, was of vastly more importance than could be gathered from this comment by the Secretary: "I was very glad indeed to see the strong endorsement of that [point 9] concept by Senator JOHNSON the other day. He made almost the same proposal, or at least adopted, you might say, the same proposal that the United States had made [at Geneva]. We have been pressing for [it] off and on, with consistency, for the last 18 months." But in reality what JOHNSON did was to move this Government to resume the initiative on this front after a long period of virtual inaction. And his formula is the most precise and detailed in the record.

The Geneva proposals to the Soviets for East-West exchanges were largely the handiwork of William Harding Jackson of Princeton, N. J., who at the time was special assistant to the President in this and other areas. He truly was pressing the 17 principles with heavy accent on points 8, 9, and 10, until the break caused by the Hungarian uprising. Early this year Jackson completed the period for which he had agreed to serve, and promotion of the Geneva proposals is now the task of Ambassador W. S. B. Lacy. He is alert and able, and if immediately put forward as the State Department's spokesman, with the perfect facilities provided by Geneva, he could have taken the initiative that was left to Senator JOHNSON. But this was not done, and for more than a week the only reference to this excellent instrument for hoisting Khrushchev on his own petard was in a State Department handout for which a minor officer was selected as the issuing agent.

THE GENEVA PROPOSALS

The pertinent passages in the Geneva proposals were:

"8. The systematic jamming of broadcasts of news and information is a practice to be deplored. It is incompatible with the directive from the four heads of government [at the summit conference] and should be discontinued.

"9. The Soviet Union and the Western Powers should consider the desirability of exchanging monthly uncensored broadcasts on world developments. This could take the form of half hours for the Soviet Union on the western broadcasting systems with reciprocal arrangements for the Western Powers on the Soviet system.

"10. The censorship of outgoing press dispatches and the denial to journalists of access to normal sources of information are serious barriers to the free circulation of ideas. The four governments, where appropriate, should take immediate steps to remove such barriers."

In November 1955, the Soviets made a counterproposal for a 4-power declaration, and this is how Secretary Dulles analyzed it with respect to the passage above:

"Item 8 * * * is rejected. Item 9 * * * appears also to be rejected, although it is suggested that there might hereafter be an agreement covering broadcast exchanges. Item 10 * * * is rejected."

Immediately following the Khrushchev television interview the President, the Secretary, or some high-level representative could have thrown this book at the Kremlin and repeated the proposals. Instead, for a week the administration discussed what counter-

measures to take and announced no conclusions.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I think it ought to be brought out that the Johnson plan has had strong bipartisan approbation. I recall the approval of it given by the minority leader, the distinguished Senator from California [Mr. KNOWLAND], the distinguished junior Senator from New York [Mr. JAVITS], and the distinguished senior Senator from New Jersey [Mr. SMITH].

It appears to me that this is another indication of the responsibility of Congress, and in this case of the Senate. I express the hope that this feeling of responsibility will be recognized and that before too long the majority leader and the minority leader may get together with the Secretary of State, to see what can be done to take advantage of the openings, as they occur, and to get away from the habit of fearing to take the initiative, and of waiting, it seems to me, to react only to the initiative taken by the Soviet Union.

I am bound to confess that sometimes there is not even a reaction. I should think it is about time for the administration to go on the offensive and to come up with some new ideas, such as the Johnson proposal, which is really not a new idea, but is, in effect, a compilation of many ideas, in part, which have been approved by the President from time to time.

I hope we are not so bereft of ideas that we are not able to take the diplomatic, economic, and propaganda offensive. I sincerely hope that the bipartisan endorsement of the distinguished majority leader's plan of last Saturday, June 8, will be taken into consideration by the President, and the Secretary of State, as well.

Mr. FULBRIGHT. I thank the Senator from Montana for his comment. I certainly hope the administration will take courage from his statement.

There is one other thought I should like to leave with regard to the remarks of the Senator from Montana [Mr. MANSFIELD]. It has seemed to me several times in the past that the administration lacked the courage of its convictions. I have heard it said that the administration did not take this or that course, or perhaps this or that suggestion, for fear that Congress might not agree with it. Perhaps in some cases there might have been opposition. However, I do not think that is a sound reason not to make any proposal which the administration believes is justified in the public interest. The Senator from Montana is aware of some of those cases.

If there is anything I can do, or that we can do, as Members of the Senate, to give the administration a little courage or a little conviction to move into this field, I am certain we are ready and willing to do it. I know the majority leader when he made his suggestions was hoping to do that, and had in mind giving the administration some courage to move actively into this field.

MUTUAL SECURITY ACT OF 1957

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President—

Mr. GREEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Rhode Island.

Mr. GREEN. The junior Senator from Georgia [Mr. TALMADGE] has just submitted, on page 13 of his statement concerning the Mutual Security Act, an impressive list of alleged misdeeds by the Administration. I am asking the Administration to give me by tomorrow morning its comments on such of those points as the Administration believes are untrue or misleading.

Mr. FULBRIGHT. I thank the Senator from Rhode Island. I shall be very glad to see the comments of the Administration. I happen to know about a few of those cases; I do not know about all of them. Therefore, I shall refrain from commenting upon them at this time.

Mr. President, I desire to speak briefly about the Mutual Security Act of 1957. We are again considering an authorization for the mutual security program. The fiscal year 1958 program is again a large program, although it is only about half as big as these programs have been in some years in the past.

The mutual security program is very important to the security of the United States. It is a program which has been backed by both political parties over the past 10 years. I see no reason why this measure should not be free of partisanship.

There are three things which I should like to point out which ought to make a difference in the Senate's consideration of foreign aid this year. First, no subject has been studied more thoroughly since the last session of the Senate than foreign aid. Second, we have before us an executive branch bill which has been amended by the Foreign Relations Committee to conform so far as possible to prior recommendations made by the Special Committee To Study the Foreign Aid Program which the Senate established last year. Third, the bill as reported by the Committee on Foreign Relations contains several long-needed basic improvements in the mutual security program.

All of us recall that Senate support was strong for the Marshall plan when it was first begun. Senate support was also strong for military assistance at the time of the Communist attack in Korea and for the next 3 or 4 years after. We also know that opposition to the foreign aid program began to grow in 1954 and 1955 and continued last year when there were 30 votes cast against the mutual security appropriation bill on final passage and these votes were equally divided between the 2 parties. Everybody agreed, I think, last year that it was time to pause and take a hard look at this foreign aid program.

The Senate did take a careful look at the foreign aid program. We estab-

lished a Special Committee To Study the Foreign Aid Program. I want to emphasize that point of procedure.

The special committee was composed of the entire membership of the Committee on Foreign Relations, plus the ranking members of the Committee on Armed Services, the distinguished senior Senator from Georgia [Mr. RUSSELL], one of the senior Members of the Senate; the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL]; together with the ranking members of the Committee on Appropriations, the distinguished Senator from Arizona [Mr. HAYDEN], the senior Member of the entire Senate, and also the senior member of the Democratic Party, and the senior Senator from New Hampshire [Mr. BRIDGES], the senior member of the Republican Party of this body.

The special committee made exhaustive studies, and the committee's findings were reported to the Senate on May 13, without a dissenting vote. I think it was an excellent piece of work. The report was based not only upon the studies made by the committee itself in open hearings and in private hearings, but also upon studies made by its representatives, some of the leading citizens of the United States in their fields, and some of the finest organizations and institutions which were equipped to study matters in this field.

The Senate was not the only body to study the foreign aid program. The President of the United States created a special executive branch task force headed by Mr. Benjamin Fairless, the former president of the United States Steel Corp. The President's International Development Advisory Board, headed by Mr. Eric Johnston, also made a study. The House Committee on Foreign Affairs, under the leadership of its outgoing chairman, Mr. James Richards, completed a study of foreign aid in December of last year.

All these reports agree on several things. They all agree that mutual security programs have served us well. That military and economic assistance programs must continue for the foreseeable future if we are to protect ourselves in this world.

I may say that none of these reports undertake to say that a mistake has never been made in the administration of this program. In the case of a program so large and so extensive as this one has been—a program covering many different activities, and with many different administrators—it is not difficult to pick out individual mistakes. But I submit that, viewing it in proper perspective, it will be found that the mistakes involve a very small part of the overall operation.

Mr. HUMPHREY. Mr. President, at this point will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. Is it not true that in the case of a program of the scope of this one—a program which touches all areas of the world, areas in which there are many developments, both economically and politically, which frequently are beyond the experience of our own people—it is entirely possible that there

will be miscalculations, and that one project or another may get out of hand and may end up as undesirable or unnecessary, or that there may be projects in which there is waste. In other words, if one wishes to engage in finding very little blisters on the trunk of the great oak tree, it is possible to make it appear that the oak is almost ready to collapse, or that it never should have been a tree in the first place; whereas if one considers the totality of the program, and does not concentrate upon a little error here or a little mistake there, one finds a rather encouraging picture of a program which should enlist reasonable commendation and support. Does not the Senator from Arkansas agree as to that?

Mr. FULBRIGHT. Yes; I think the Senator from Minnesota is correct.

However, I do not wish to question the right and duty of any Member of the Senate to direct attention to any cases in which there has been either a mistake in judgment or plain stupidity. Attention should be called to such cases. I myself have called attention to some of them; and I welcome statements such as the ones which have been made on the floor today, and I think the public is entitled to an answer in each case.

I do not say that some mistakes have not been made. I think some of them could be explained in such a way that any reasonable man would agree that they were not really serious mistakes, whereas I think some of them were bona fide mistakes.

But I suggest forcefully as I can that, granted that there have been some mistakes, yet, in comparison to the overall program and the vast amount of beneficial activities which have been carried on in a wise manner, the mistakes are relatively small.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield further to me?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I surely wish to join in the statement the Senator from Arkansas has just made, namely, that no one would wish to stifle the investigation of errors of either omission or commission, and no one would wish in any way to diminish the efforts of those who seek to inquire into this program. Personally, I welcome the criticisms. I myself have made some of them. For example, I am not sure that all the military assistance which has been extended to some areas of the world has been as effective as the proponents had hoped it would be. I think sometimes such assistance may generate local armament races, for instance.

But, Mr. President, let me say, by way of a simple analogy, that if one were to hire the finest contractor in the world to build the finest building man's ingenuity and genius could devise, if at the completion of construction it appeared that some of the pipes leaked or certain parts of the building were a faulty construction, that would not mean either that the mistakes should be glossed over or that the entire building should be torn down.

Mr. FULBRIGHT. That is a very good point, Mr. President. Granted that some mistakes have been made, that is

no reason for cutting the program beyond a reasonable amount.

I myself have criticized the program in Pakistan. I opposed the military program there; I did so on the ground that it is out of proportion, and that it is beyond the capacity of the country to support it. I hope the agency will take heed of that criticism. But I do not think the proper answer is to eliminate the entire program.

Although I may be in error, nevertheless, I do not agree with some of the projects. But there, again, the Senate as a legislative body is not equipped to administer this program, and to say that this, that, and the other thing must not be done at all. We can use our persuasive powers upon the administration. Goodness knows, Mr. President, I wish the administration were wiser than it is in connection with both this program and many other programs. But the decision was made in November, and this program should be continued; and I believe it should be continued at about the level the committee has recommended. I think the committee reported a very good bill.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield once more to me?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. It seems to me that the major mistake which has been made in relation to the mutual-security program is the lack of candor with the American people as to its duration. A calculated effort has been made to have the people believe, year after year, that, somehow or another, the current year would be the last year of the program. I think that is wrong. I welcomed the statement the Secretary of State made during the past week, when he and one of his assistants said that the program may go on for another 10 years.

Certainly there would be better perspective if some long-range planning were done. I do not believe there is much chance of making a major reduction in our defense budget or in our mutual-security budget until the Soviet Union begins to change its attitudes and to curb its appetites. I think we must make up our mind to that. I am of the opinion that the American people are big enough, strong enough, and sufficiently tough-minded to take this kind of news. If one wishes to call it bad news, that is all right with me. But the American people can take the news that they have on their hands a problem which will remain for years to come. I think that is where the greatest mistake has been made; the people have been led to believe that, somehow or other, the program would simply wither away because soon the problem would be solved.

Mr. President, the program will be over when the free nations—the United States and our allies—are strong enough, in their collective security, to overcome the Soviet Union unequivocally. The day when the Soviet Union realizes that it cannot win in Africa and Asia, and that it has lost the battle, politically and economically, is the day when it will be possible to cut back our defenses and our mutual-security pro-

gram. To do it any sooner would be to throw in the towel before the fight was half over.

Or one might say that we have now come to the 5th inning in a 1-game world series. Mr. President, in the 5th inning I am not ready to call off the game and to award the victory to the opposition. But I sense that some of the people are becoming a little tired in the 5th inning. I suggest that we continue in the ball game; and once we have won it, we can cut back on some of the expenditures, as some persons have advocated.

Mr. FULBRIGHT. I thank the Senator from Minnesota.

Mr. HUMPHREY. I thank the Senator from Arkansas for yielding to me.

Mr. FULBRIGHT. Mr. President, as I have said, all the reports agree on several things; namely, that the mutual security programs have served us well, and that the military and economic assistance programs must continue for the foreseeable future if we are to protect ourselves in this world. These reports also agree, however, that the mutual security programs need substantial revision if they are to be fully effective in the national interest.

I would point out again the remarkable agreement of opinion on these fundamental conclusions about the foreign-aid program. I would emphasize that in the Special Senate Committee To Study the Foreign Aid Program, consisting as it did of a complete cross section of Senate opinion, there were no minority views. It seems to me, therefore, that after all these reexaminations, no responsible person should now rise and say that we should stop the foreign-aid program altogether. The question for us today is not whether we should have a foreign-aid program. The question we should debate is whether the pending bill is well calculated to give us the kind of a foreign-aid program which will best serve American interests.

Professors of government are fond of saying, when referring to the relationship of the Congress and the President in the matter of drafting legislation, that "The President proposes and the Congress disposes." The bill before us, S. 2130, is a shining example of the reverse of that generalization. If Senators will study this bill closely, and compare it with the various recommendations made in the several studies of the foreign aid program conducted by Congress and by the executive branch, they will see that the President's proposals for the fiscal year 1958 were profoundly influenced by the report of the Senate Special Committee To Study the Foreign Aid Program. Senators will find that the study of the Senate Committee had a far greater impact on the President's recommendations to the Congress than did the conclusions of the President's own advisory committee on the foreign aid program.

I wish to spend a few minutes discussing one striking new feature of this new mutual security bill. It is a feature which was strongly recommended by the Senate special committee. I refer to the proposed development loan fund.

Let me summarize the main features of this loan fund.

First, the fund is a 100-percent loan fund; not 75 percent or 90 percent, but 100 percent. The bill provides that no grants are to be made from the fund's assets.

Second, the development loan fund is separated from any other kind of economic aid. One of the troubles with economic aid in the past has been that it has been all mixed up as between economic aid for defense purposes and economic aid for development purposes. The new loan fund gets away from that kind of confusion. It also gets away from the tendency to administer economic aid as if it were a political slush fund to be used for keeping a friendly government in power or influencing this or that temporary political issue. The proposed development loan fund is insulated from extraneous purposes except that of promoting businesslike development of the resources of friendly countries, in the interest of the United States.

Third, the loan fund will take an investment approach to economic aid. The proposed legislation provides that prospective borrowers must prove to the administrators of the fund that they need capital for sound projects. They must also prove that they cannot obtain the capital they need from private sources or from other public lending agencies. The loans that will be made will be those which we may have a reasonable expectation will be repaid.

Fourth, for the first time we have in this loan fund a part of the mutual security program which is aimed specifically at its own termination. One thing which has always distressed me about other kinds of aid, such as military aid and defense support, necessary as they are, is that it is hard to see the end of them. When the question is asked as to when military aid will end, the answer is that it depends on the Russians, and that answer is not very satisfying.

When the question is asked, however, when this Development Loan Fund will end, the answer is much more satisfying. The purpose of the loan fund is to help less developed countries reach such a stage of economic development that they can generate for themselves, from their own internal resources and from private capital, the necessary investment needed to keep their economies growing. At that point, when a foreign country can sustain its own economic growth development, loans from the fund will stop. In the administration of this kind of aid, for the first time, we know clearly what we are trying to do, and we know that if we administer it wisely it will one day end.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I am glad to yield to the distinguished Senator from Ohio.

Mr. LAUSCHE. The senior Senator from Oregon [Mr. MORSE] this morning made a very vigorous argument claiming that there is a weakness in the bill insofar as it does not follow the recommendation of the special committee which was created by the Senate Committee on

Foreign Relations to study the foreign aid program. He pointed out that the committee recommended as follows:

That Congress should continue to authorize appropriations annually pending a clear determination of the role of military aid in the total strategy of national defense.

He then went on to point out, in regard to the development loan fund, instead of the authorization being confined to 1 year at \$500 million, it gives authorization for the years 1959 and 1960, allowing an expenditure of not to exceed \$750 million a year.

I should like to hear the Senator's version of that departure from the recommendation made by the special committee.

Mr. FULBRIGHT. Unfortunately, I do not have the recommendations of the special committee before me, but it is my impression—and I was on the special committee—that we accepted—at least I did—the loan fund suggestion from a general recommendation to that effect.

I am glad to give my own reasons for the recommendation. We are seeking to create a new approach—that is, a lending approach—as distinguished from a grant approach, which it has been primarily. The aid was primarily that in the beginning, and only in recent years has there been injected the idea of loans. Last year we required a major part of the aid—not in the military aspect, but in other aspects—to be covered by a lending provision, amounting to 75 or 80 percent. However, we are seeking to create a revolving fund. I think, in order to do that, it is absolutely necessary to create the belief on the part of the countries with which we expect to do business that this is a continuing project, and will be so for a reasonable period of time. The estimate of what that period of time will be has varied all the way from 5 to 10 to 15 years. I personally think it will be at least that long.

The idea is to point out to the other countries that we are really establishing such a fund. I do not mean that we are going to be called upon to appropriate \$500 million or \$750 million every year. What I think we can do is to create a revolving fund, and as collections from the other countries are made, such funds can be used to replace the money used for loans. If the money is loaned in the proper way, I hope that perhaps we can later—and I am not at all proposing it at this time—use the repayments coming back to us as a result of aid under the Marshall plan to replenish the fund. That is the way I look at it for the future.

I think the Senator will agree with me that we cannot propose to a country a long-time project if we have only a 1-year authorization, and if there is no assurance of the continuity of the program. What we are seeking to do is have people believe we are in earnest about this, that we are going to create this fund, and that they can rely on it, and therefore we should see if we cannot get together and develop a real project, with the prospect of increasing the productivity of the other countries to such an extent as will enable them to

pay the loans back. In that sense it may be said that the purpose is a psychological one. I personally would go so far as to say that I doubt we can efficiently lend \$500 million the first year. To me, that is no reason why we should not appropriate the money. We are going to have to appropriate the money if we are going to make a break with the past and create the belief and confidence that we mean business in creating the new approach, the lending approach. That is the reason for it.

Mr. LAUSCHE. Let me say to the Senator from Arkansas, that I subscribe fully to the mutual-aid program. However, when the Senator from Oregon quoted the recommendations made by the special committee, and then proceeded to point out that the action taken by the Committee on Foreign Relations, which in effect consisted of the same membership as the special committee, was different, I felt that he had made a very forceful point. He further quoted language from the recommendation of the special committee. I should like to read now from page 7 of the minority views of the Senator from Oregon.

Mr. FULBRIGHT. Before the Senator proceeds to that item, let me try to clear up the point. I believe there is a reasonable interpretation.

On page 26 of the special report, the Senator will notice, near the bottom of the page, is a comment on what I believe he refers to, that the committee further recommended that the appropriate standing committee make a broad inquiry into the present relationship of military aid to the strategic concept of defense.

No, that is not the point. I am wrong there.

Mr. LAUSCHE. Will the Senator permit me to read this?

Mr. FULBRIGHT. Very well; go ahead.

Mr. LAUSCHE. In the statement this morning, the Senator from Oregon made a further criticism of what has been done, and he stated that the special committee made this recommendation:

The committee believes that any changes in legislation which would deny to the Senate an annual review of supporting aid would raise dangers of failures to adjust this aid to changing circumstances. It would raise dangers of an undue expansion of supporting aid programs and unnecessary and excessive demands on the resources of this country.

The Senator quoted this language as having been uttered by the special committee. Then he laid down the proposition that the members of the Committee on Foreign Relations who were members of the special committee did not follow their own recommendation.

Mr. FULBRIGHT. In the first place, about denying the Senate the power to review, I say that is simply not so under this bill. Certainly I intend to review this lending program, especially, indeed, more carefully than any other, because I have a very special interest in it. I have done all I could to help create it. I intend to see, so far as I possibly can, how it operates. The Congress can do that. I am sure we can call up those

who administer it at any time we wish to, and ask them questions.

The bill provides for reports to the Congress. There is no reason at all why at this time next year, if there is anything wrong with the operation of the program, we cannot change it. To say that this procedure is not in accordance with the requirement of annual review, in my opinion, is incorrect. I do not see anything inconsistent between the way this fund is established and the requirement for annual review.

Let me say further, in regard to the appropriations on the military side, that the Committee on Appropriations will have to appropriate the money the second year, if that is what the Senator is talking about. All we do here is authorize a lower ceiling for the second year than we authorize for this year, at the request of the administration, so that as a procedural matter they may include the request in the regular Defense Department appropriation bill, which comes up earlier in the year. Then they would not have to wait.

Mr. LAUSCHE. Let me say to the Senator from Arkansas that I am not subscribing to the argument of the Senator from Oregon, but I believe the challenges he made have a strength which command that we give attention to them, with a view to making certain that under all the circumstances we have reached a final conclusion which will be to the best interest of the country.

The Senator from Oregon complained that instead of having two committees examine the problem in 1958—that is, the Committee on Foreign Relations and the Committee on Appropriations—by projecting this program into 1959 and 1960 we have eliminated the Committee on Foreign Relations and have assigned the responsibility solely to the Committee on Appropriations.

Mr. FULBRIGHT. I do not think, considering the way the bill has been drawn and the fact that there is a very substantially reduced authorization, that there is any great danger in such a procedure. When we consider the history of the program, we realize it has been going on now for a number of years. I can see nothing in the offing which would be very unique so far as that aspect is concerned. I am talking about a part of the bill other than that having to do with the loan fund, which is the part the Senator is referring to, I believe—the military-assistance feature.

Mr. LAUSCHE. I am talking about the loan fund.

Mr. FULBRIGHT. Under this authorization, the creation of the fund itself does not in any way insulate those in charge from a periodic examination. The bill itself requires reports. As a member of the committee, I can assure the Senator—and I know the committee feels this way—that the loan provision will be a matter of special interest, until it proves itself.

I have had, as many others have had, considerable experience in this matter. The Senator is also a member of the Committee on Banking and Currency, and knows of the operations of the Export-Import Bank, which operates in

much the same way. We receive a report every year. Every time we consider the confirmation of a nomination with respect to the bank we give it special attention. Even without the confirmation of an appointment, we always go over the necessary matters with the bank officers. The procedure has worked extremely well.

I was especially interested in the old RFC, which operated in a similar manner. We certainly investigated them. I invite the attention of the Senator, and of the Senate as a whole, to the report filed the other day, showing the very satisfactory results of that operation. I can see no danger in this provision as to the loan fund.

In regard to the authorization for the military-aid aspect, as the Senator knows, that is in two parts. We authorize a certain amount for this year, and we authorize a lesser amount for next year. That is all, for the 2 years. I see no particular danger in that. It is a great convenience to the Department of Defense in their preparation of the budget and the submitting of it to the Congress.

When we understand, first, that there is a great similarity in the program from year to year and, next, that the Appropriations Committee next year is going to go over it just the same as this year, I see no particular danger in that aspect of it, either.

Mr. LAUSCHE. The argument of the Senator from Oregon on the same premise was directed toward the military aid, that it had gone to 2 years instead of only 1. My interpretation would be that this is somewhat of a modified form of a long-range program of aid. Instead of having a 5-year program, for which there would be some advance knowledge as to what might be expected, the committee determined that they would advance it for a period of 2 years. Even the 2-year period is not certain, because it is subsequently dependent upon what the Committee on Appropriations may do.

Mr. FULBRIGHT. The Senator is quite correct.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I think one point which needs to be added to the very excellent observation made by the Senator from Ohio is that the 2-year period for military assistance, what is known as the defense-support aid, is the period of this Congress, the 85th Congress, and the membership of this Congress, with no ensuing elections.

As the Senator has pointed out, the Committee on Appropriations consists of very able Members of the Senate. They are equipped both by staff and by experience, background, and general aptitudes to examine most meticulously into the actual dollars which are to be appropriated. What the legislative committee does is to authorize.

I am happy to note for the record that the authorization of military assistance for the first year is \$1.8 billion, with a mandate or order to the Department of Defense and the Department of State

that they cut it down to \$1.5 billion for the second year. If they do not cut it down, then they must come back to the committee for a renewed authorization.

Furthermore, we have never before imposed the requirement of a 6 months' report by the administration. Now the administration must come to the committee with its report every 6 months. I think the Senator from Ohio knows that legislative committees are necessarily and properly jealous of their jurisdiction. When the report comes it will not be filed away and forgotten. It will be gone over meticulously, by examination, inquiry, hearings, and testimony, so that we shall have a concurrent working knowledge, with the administrative agencies, as to what is developing under the program.

Furthermore, in connection with the development loan fund, while it is true that the Foreign Relations Committee was also the special committee to study foreign aid, we should not forget that when the Mutual Security Act for this year was presented to us, it was presented after we had made our recommendations. It was presented to us with excellent testimony, and we commended those who testified. It was presented to us in the light of developments which had come to our attention as the result of private studies which had been made by the Massachusetts Institute of Technology and the Brookings Institution, two of the finest such agencies in the world. In connection with the loan fund, the University of Chicago and other agencies recommended not 1 year, but a capital revolving fund extending over many years. What we have done is to go into the long-term type of planning.

Mr. LAUSCHE. How were the agencies to which the Senator refers enlisted to give their aid?

Mr. HUMPHREY. They were hired.

Mr. FULBRIGHT. We paid them for their services.

Mr. HUMPHREY. Independent research was done, and the research was correlated, compared, and evaluated by members of the committee.

The Senator from Oregon [Mr. MORSE], in pinpointing what he considers to be the weaknesses in the bill, has done a service. He has actually underscored the elements of strength in the bill. For the first time we are to get some reasonably long-term planning. At least 2 years is better than 1.

In connection with the loan development fund, while \$2 million is authorized for a 3-year period, that does not mean that we shall come forward each year with a \$750 million appropriation. The fund will be a revolving fund.

The minute we put the assistance on the basis of a loan, those who are responsible for granting the loan will begin to make a much more careful study of the projects. Furthermore, the engineers in the field will make a much more careful study of the program. By pointing out what he believed to be weaknesses, the Senator from Oregon has actually underscored what I consider to be the elements of strength in the mutual security program.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSON of Texas. I ask unanimous consent that the Senator from Arkansas may yield to me for the purpose of suggesting the absence of a quorum and subsequently submitting a proposed order, with the understanding that he shall not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, on behalf of the minority leader and myself, I propose an order, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The proposed order will be read.

The Chief Clerk read the proposed order, as follows:

Ordered, That, effective on Friday, June 14, 1957, at the conclusion of routine morning business, during the further consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 3 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders of either of them may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed order?

Mr. LONG. Mr. President, reserving the right to object, I should like to suggest to the distinguished majority leader that if the proposed agreement is entered into, and if the Senate convenes at 9:30 tomorrow morning, if amendments are offered at that time very few Senators will be present. I hope we shall not be denied an opportunity in the morning to have amendments considered.

Mr. JOHNSON of Texas. The order for the hour of meeting was entered the first part of the week. There is usually a morning hour, and then a quorum call. Voting on amendments would not come until later. Many Senators would prefer to meet at an early hour in the hope of concluding action on the bill on Saturday.

The PRESIDING OFFICER. Is there objection to the proposed order? The

Chair hears none, and it is so ordered.

Mr. FULBRIGHT. Mr. President, the Development Loan Fund, to my mind, is the first bold and imaginative new step which has been taken in our foreign-aid policy since the inception of the Marshall plan and the point 4 program. I think the Senate of the United States can take a great deal of credit for pushing the concept of a development loan fund.

Why do I say that this concept is a bold concept? I say that it is bold because it may come somewhere near meeting the great need which lies ahead. All through the less developed parts of the world—in Asia, Africa, and the Middle East, particularly—millions of people are desperately seeking to find a better life for themselves. We have 19 newly independent nations since World War II. No political leader in these young countries can survive who does not pledge his efforts to create for his people more wealth and a higher standard of living. These underdeveloped countries need two things. They need know-how, and this we are prepared to help provide through the technical co-operation program. They also need capital.

There are two ways to get capital—the Communist leaders in Russia have their way of obtaining capital. In the Soviet Union they squeezed it out of the toil and the very lives of their own people. The Communist Chinese are trying the same method. This method is brutal, and it puts an end to freedom; but it does work, after a fashion, as we have seen in the case of the Soviet Union.

The other way for these countries to get capital is to borrow it. This is the way the industry of the United States was founded. The leaders of these newly independent countries have this choice before them—to develop themselves in the Communist way or in the free way. I say the development loan fund is a bold step because through it, we are announcing to these young leaders that if they will formulate intelligent development plans for their countries, if they will marshal their energies and resources into worthwhile projects, the necessary capital will be there. A great deal of this capital can come from private sources. Unfortunately, however, American investment overseas tends to go not to the least developed countries but to the most developed countries. The bulk of our investment has always gone, and probably will continue to go, to Canada, to Europe, and to Latin America. The challenging concept of this development fund is that we are saying to the new countries of Africa and Asia and the Middle East that we are standing ready to assist them with capital loans if they can't get capital elsewhere and if they will make their plans economically so as to justify our loans. This policy, if we resolutely pursue it, may prove to be a major turning point in our effort to achieve a truly peaceful world. This approach is the way to challenge the doctrines of Marx. This is the way to demonstrate the emptiness of Communist dogma.

Mr. COOPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CARROLL in the chair.) Does the Senator yield to the Senator from Kentucky?

Mr. FULBRIGHT. I am very glad to yield.

Mr. COOPER. What the Senator is stating about the loan development fund and the continuity of aid it offers, is very important because this fund and its continuity represent the most significant advance which has been made in our aid program since its beginning.

Mr. FULBRIGHT. I thank the Senator.

Mr. COOPER. A few minutes ago a colloquy developed on the issue of waste in the foreign-aid program. I should like to ask the Senator if he does not agree that the loan development fund offers the opportunity to reduce waste and inefficiency in that it affords an opportunity to select the most worthwhile projects, and the mechanism to be established, in the form of a loan board, will be able to allocate projects and to reduce personnel.

Mr. FULBRIGHT. The Senator is exactly correct. We have had several instances of what I would call bad planning, which resulted in some mistakes in the program, because of the way in which the projects had to be undertaken. They had to be undertaken in a short time, sometimes within only a few months. We would rush into a program without adequate preparation. That would cause waste and mismanagement. The Senator is quite correct.

The loan fund will give the planners the feeling that they will have the funds available and that they can take adequate time in which to plan the projects, and to plan them carefully. One great example of what I have in mind is the Helmund Valley project in Afghanistan, which went awry, not under our program, but under their own program, because of lack of planning and coordination. We stepped in and tried to salvage it. Another pertinent incident was described in the House report. That also resulted from much the same thing.

Mr. COOPER. The Senator has pointed out accurately the problem we face in newly established, underdeveloped countries, in connection with their desire to advance industrially. With very limited funds, they select wealth-creating projects. The building of such wealth-creating projects requires expenditures which in some cases must continue for 2 or 3 years or even 5 years. If we continue the kind of aid we have given in the past, as the Senator has said, these countries affected cannot accept aid on a major wealth-creating project which will continue over 1 year. What happens in many of these countries is that our aid is channeled off and diverted into less important projects. These projects are not always wealth-producing. Under the loan development fund, one great effect will be that our aid will become more efficient and much more effective, because it will go into great wealth-producing projects in countries that are trying to advance. In creating wealth, the countries will

be able to return money into the revolving fund.

Mr. FULBRIGHT. The Senator has put his finger on one very important consideration, that this fund is to be used primarily for wealth-producing projects, not for social improvement or even humanitarian projects.

Of course, we do not have anything against such projects. But, just as we make distinctions in our own country between certain types of activities, these specially designed projects will increase the wealth and increase the probability of repayment through what is produced.

These funds are not intended to be used for the relief of suffering. We have relief programs for that purpose. We have had very large programs of that type. Certainly our country has done more than its share along that line. This is not a relief program. If the administrators are found to use the program for that purpose, I am sure the Senate will reprimand them. Certainly I would, as would others who are interested in this program. That is not the purpose of it. If we are to do that, we will do it under another program.

Mr. COOPER. Another result would be that the funds would be directed into fewer and more important projects, and in that way there would be an opportunity to reduce personnel. Is that not correct?

Mr. FULBRIGHT. The Senator is quite right. There has been the tendency under the other program to rush forward and undertake a short-term program that looked all right, because it was felt "Something must be done." We cannot let this program bog down." So some mosquitoes were sprayed, or similar programs were undertaken very quickly, which in themselves were all right, but they did not contribute to what should be basically done in these countries.

Mr. COOPER. Many of those projects can be carried out under the technical assistance program.

Mr. FULBRIGHT. Yes; they can be carried out under some other program, not this one.

Mr. COOPER. I should like to point out one other thing, about which the Senator from Arkansas knows so much.

Under the recent change in Soviet tactics, the Soviets are able to move into many countries by reason of the fact that the Soviets are not restricted by considerations of time, with which we are faced, because our appropriations are limited to 1 year. They have been able to direct their funds, even though they may be much smaller in size than those that have been appropriated by the United States, to larger wealth-producing projects, mostly industrial projects, which are most sorely needed in the countries receiving the aid and therefore these projects have received much more attention—and perhaps properly so—than have the projects undertaken by the United States.

Mr. FULBRIGHT. The Senator is quite right.

Why do I say that the development loan fund is the first imaginative foreign-aid policy step since the point 4 program? I say it because it seems to me

that this idea is the only strategy which, in the long run, can cause the Communist leaders to give up their ideas about taking over the world. We cannot change the Communist ideas by building bigger armies and navies and air forces. The United States must, of course, have strong military power to deter Communist aggression and to protect ourselves, but the best that these measures alone can lead to is the kind of stalemate which now exists.

We now can destroy the Russians, and the Russians can destroy us. There is a kind of uneasy and precarious military stalemate, but this is not the kind of a situation which is likely to change the Russian minds, because they know that there are other ways, less costly ways, and more effective ways to persuade the world to become Communist. I think we are realizing more and more that the real struggle ahead lies in the underdeveloped parts of the world which have not yet decided which road to take toward economic progress. They can take the Communist method of development or the democratic methods which have been followed by the free world. The existence of this development loan fund, and the well-considered policy which lies behind it, provides these new countries with a real alternative.

If most of the newly independent nations decide to try to raise their standards of living in a peaceful and a democratic way through their own efforts and by accepting outside help on a loan basis, the Communist powers, sometime during the next 20 or 30 years during which this development will take place, will come to realize that they are not going to conquer the world by force or by subversion or by persuasion. They will then be forced to realize that they might as well settle down and try to live with their neighbors, because they will have no acceptable alternative. The method here suggested is the way that we may possibly resolve the conflict between the Communist world and the free world.

The Committee on Foreign Relations proposes that the development loan fund work in the following way: We propose that there be an appropriation of \$500 million for the fiscal year 1958 to start the fund off. We propose that in the fiscal year 1959 the fund be allowed to borrow up to \$750 million from the Treasury. We propose that in the fiscal year 1960 the fund be allowed to borrow another \$750 million from the Treasury, if necessary.

Over a period of 3 years, then, a capital fund could be made available totaling \$2 billion, if that much proves to be necessary for making loans for economic development.

The proposal is that the loan fund be administered by the International Cooperation Administration in very close coordination with the other interested agencies of the Government. All basic loan policies and every proposed loan of more than \$10 million must be discussed with an Advisory Loan Committee, which would be established by law. The Chairman of this Committee would be the Deputy Under Secretary of State for Economic Affairs. That office is filled at

present by an unusually capable and experienced man, Mr. C. Douglas Dillon, who was recently our Ambassador to France. I think this is a very important consideration in getting the loans under way in the proper manner. The committee, I feel, has great confidence in this arrangement.

There would be representatives on the Committee from the Department of Agriculture, the Department of Commerce, the Export-Import Bank, from the United States representation in the International Bank for Reconstruction and Development, and from any other Government agencies which the President feels ought to be represented, in order that the activities of this fund will be completely coordinated with all sources of capital which flows abroad.

The fund will make no grants. Every loan must meet these criteria:

First. The loan will not be made if capital is available from other free world sources on reasonable terms.

Second. The loan will not be made unless the activity of the project to be financed is economically and technically sound.

Third. The loan will not be made unless the activity proposed gives a reasonable promise of contributing to the development of economic resources or to the increase of productive capacities of the borrowing country. Let me read this additional policy from the proposed legislation:

The fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank, or the International Bank for Reconstruction and Development.

To complete the description of how the new fund will work, I should add that the fund will be governed by the general principles of the Government Corporation Control Act, and the financial operations of the fund will be subject to audit by the General Accounting Office.

Congress will have firm control over the proposed development loan fund. In order to put the matter in perspective, I would remind the Senate that loan funds are not new. Let me cite two successful examples, one in the domestic field and one in the foreign field, both of which were established largely by creating an authority to borrow money from the Treasury to be loaned for purposes and on conditions specified by the Congress. On the domestic side, the Reconstruction Finance Corporation was such a loan making organization, and a successful one, which earned a profit on its operations. On the foreign side, we still have in operation the Export-Import Bank, which finances its loans out of borrowings from the Treasury, and is doing excellent work in its special field.

Congress would have plenty of control over the proposed development loan fund provided for in the bill. In the first place, the initial capital of the fund will be established through an appropriation. Secondly, the nomination of the administrator of the fund is re-

quired by the bill to be confirmed by the Senate.

Next year when the mutual security bill comes to the Congress, the Committee on Foreign Relations will review the authority and will have an opportunity to recommend its repeal or revision if it is not working properly. If the fund needs additional capital in the fiscal year 1959, the bill provides that a budget program must be presented to the Committees on Appropriations and be approved by them before the additional capital can be borrowed from the Treasury. In the following fiscal year, 1960, if additional capital is needed by the fund, the fund must again obtain the approval of the Appropriations Committees for its budget program prior to borrowing capital from the Treasury. Throughout the life of the proposed fund, the appropriate committees of the Congress will receive reports by the President on the operation of the fund every 6 months. In addition to these semiannual reports, the bill before the Senate provides that in any case in which the administrator of the fund follows a course contrary to the advice of a majority of the Advisory Loan Committee of the fund, with respect to any basic policy matter, or with respect to any loan in excess of \$10 million, the administrator must furnish to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a statement of his reasons for doing so. It seems to me that these several checks and rechecks by Congress and the reports to Congress provide adequate control over the activities of the proposed fund.

Mr. President, I have talked about one of the virtues of this bill—the Development Loan Fund. I am not, however, in other respects, completely satisfied with the bill. In some parts of the proposed programs, and particularly in some countries, I fear that the emphasis in programming is much too heavy on the military side. As the committee report points out in its concluding paragraph, 94 percent of the assistance program for the Far East is in the form of military assistance and defense support. Of course, this figure does not count whatever part of the Development Loan Fund may go to the Far East, but, even making allowances for that, it strikes me that this is not a proper balance.

The best—or perhaps the worst—illustration of this imbalance is Pakistan, which nation we have, in my opinion, encouraged to take on too heavy a military burden. I think our military planners have a tendency to treat each country as if it alone had to prepare to defend itself against a Russian attack. Many of these small countries cannot possibly do so. They will do well enough, it seems to me, if they are able to maintain an adequate internal security force. They need all the rest of their meager resources in their endeavors to improve their standards of living.

The Committee on Foreign Relations has made two types of changes in the President's bill which go a long way to correct the overemphasis on military programs which I have been discus-

sing. In the first place, the committee has made changes in the existing law which will more clearly place responsibility on the Secretary of State for coordinating the military side of the program with United States economic and foreign-policy objectives. In the second place, the committee reduced the proposed authorization for military assistance by \$100 million, and reduced the authorization for appropriations for defense support by \$100 million. In authorizing appropriations for the fiscal year 1959—next year—the committee has indicated the downward direction in which we believe these appropriations should go by fixing ceilings of \$1.5 billion and \$710 million, respectively, for military assistance and defense support for next year.

Mr. President, I close these remarks by saying that the Senate has before it a sound mutual security bill. We are now, I think, on the right track in our economic-assistance programs. The proposed Development Loan Fund is a sound and hopeful plan. It carries with it the seeds of its own termination. I hope the Senate will support this new approach to foreign aid—a conception which conforms to the general recommendations of the Senate Special Committee to Study the Foreign Aid Program, and which has again been reviewed and recommended by the Committee on Foreign Relations.

AMENDMENT PERMITTING SUPPORT TO AMERICAN SCHOOLS ABROAD

Mr. President, I send to the desk an amendment to S. 2130. I regret that I did not offer this amendment when the Committee on Foreign Relations was considering the mutual security authorization bill. I hope that Senators will study the amendment and that it will prove to be acceptable to the members of the Committee on Foreign Relations.

I may say that the committee took testimony on the subject matter which is dealt with by the amendment, but the committee itself was not given an opportunity formally to pass upon it.

The purpose of the amendment is to permit a small portion of economic assistance funds to be used for assisting American sponsored universities abroad.

If Senators will turn to page 27 of the committee report on the pending mutual security bill, they will find a brief discussion of this subject, and will also find a recommendation of the committee that the executive branch use the authority available to it to extend effective assistance to American-sponsored schools, libraries, and community centers abroad such as the American University in Beirut and Roberts College in Turkey. I think it is well known that these institutions play an important part in assisting in the training of teachers, technicians, and others who are so desperately needed in underdeveloped countries.

This statement in the report of the Committee on Foreign Relations on the pending bill is very helpful, but something more is needed. There ought to be a dependable source of funds which the executive branch can use to carry out the recommendations of the committee report. The new category of special as-

sistance provided for in the pending bill is an appropriate source of funds for assistance to these American schools. My amendment would authorize the use of not to exceed \$10 million of funds appropriated for special economic assistance to be used for this worthwhile purpose. I hope the amendment will receive favorable consideration by the Senate.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. AIKEN. Mr. President, first let me say that the Foreign Relations Committee, under the leadership of the senior Senator from Rhode Island [Mr. GREEN], and with the services of a very capable and cooperative staff, has reported to the Senate what I consider to be the best mutual security bill ever reported to this body.

Through the investigations and studies of this committee, the public has become more informed as to the purposes and possibilities of foreign-aid programs past, present, and contemplated.

I shall not discuss the provisions of the bill before us in detail because others have already done that or will do so.

I do wish to discuss in a broad sense the question of why we have cooperative aid programs with other nations and why it is unthinkable that we should depart from or weaken those programs at this time.

The search for a formula for survival occupies the attention of much of the civilized world today. It is this hope for survival, as well as humane instincts, that is bringing the world closer in spirit, as well as in distance.

There was a time in the near past when the oceans were considered adequate protection to the United States against any foreign foe. Our national defense programs were predicated on this assurance. At that time, too, the tariff was considered to be adequate protection against foreign competition in the economic field.

Now the tariff wall as a means of insuring economic prosperity has crumbled, and the oceans are scant protection against potential devastation from overseas attack. Instant communication with any part of the world is now possible. Transportation speeds of equally amazing comparison are not far behind.

The earth has become so shrunken that people now living will surely be able to circumnavigate the globe by the light of a single day.

In fact, we are even looking at outer space today, much better informed than our European forebears must have been when they looked westward across the salt water and wondered how far one would have to go before he fell off; and how far he would drop; and what he would land on, if anything.

It is recognition of the omnipotent potentiality for self-destruction which prompts the United States to join with others in the search for a lasting peace. It is this realization that inspires us to try our utmost to make a going and effective concern of the United Nations. For this reason too, we are carrying on programs designed to strengthen other people and their governments, so that

they, also, may make a full contribution to the society of nations.

As we become better acquainted with the people in other lands, we find that under the surface all of us are very much alike, having the same ambitions, the same fears, and the same hopes.

We also find, to the surprise of some, that there are countless people in the world who equal us in intelligence and excel us in patience. The fact that they have been content to rely on their patience is one reason that so many of them live today in underdeveloped countries.

Yet, in spite of the patent urgencies of today, we still have in our own country people who see little advantage in our carrying on cooperative programs with those in other lands. One of the favorite indoor sports of some people is writing their Members of Congress demanding that President Eisenhower's budget recommendations for the next fiscal year be drastically cut. Where the cut shall take place, however, is a disputed question. Almost nobody wants his own benefits reduced.

So, inasmuch as the benefits from mutual assistance programs are largely intangible, so far as most people are concerned, there is a tendency to make foreign-aid appropriations the logical target for those who want to reduce taxes and expenses without upsetting their own gravy boat.

However, to those who think that foreign-aid appropriations are a total loss to the American taxpayer, and benefit solely the people of foreign countries, I suggest a further review of the situation.

Most of the money appropriated for mutual-aid programs is spent directly for American goods and services. While I cannot give the exact amount, it is not far from 90 percent of the total.

There is waste in these programs, Mr. President; but the percentage of waste is no greater than the percentage of waste in some of our domestic programs which benefit the critics of foreign-aid programs.

Last year, the gross national product of the United States reached the staggering total of \$412 billion. It is expected that it will exceed \$425 billion this year. A sizable percentage of this total was generated through direct foreign-aid programs and the greatly increased international trade which they engendered. These programs meant business for our manufacturers, for our shippers on land and on sea, for our shipyards where new ships are constructed. They meant more business for our wheat growers, our tobacco growers, and our cotton growers. They meant infinitely more business for our processors and handlers and suppliers.

Speaking of international trade, this business has now reached enormous proportions, and is still growing.

From January 1, 1956 to January 1, 1957, the total amount of United States exports is reported to have been \$17 billion—and I believe the revised figure will exceed \$17 billion by a considerable amount—or nearly \$5 billion more than the total amount of imports into the United States.

For the calendar year 1957, it is anticipated that United States exports will exceed \$20 billion with a continuing large balance of trade in our favor—a far greater export trade than was even dreamed of in past years.

The mutual aid programs, which must continue, have contributed tremendously to the increased export business of the United States. Some persons think Public Law 480 is responsible for the increase in our exports of farm commodities. It is; but Public Law 480 works with our mutual-security programs. Through Public Law 480, we sell surplus farm commodities to other countries, and take their currencies in payment. Then, through the mutual-security program, we lend the currencies back to the countries which bought our surplus farm commodities; or in some cases we contribute the currencies to them as grants. If it were not for the fact that we lend the native currencies back to the countries where they originated through our foreign-aid programs, we could not make, through Public Law 480, the sales we make now, because some of those countries simply could not afford to let such enormous amounts of their own currencies get out of their own hands.

So let us ask ourselves this question: If it had not been for the combination of the programs carried on under Public Law 480 and the mutual security programs, would we have sold almost 8 million bales of cotton, last year—an increase of 2¼ million bales over the sales the year before? Would we have increased our sales of wheat overseas 100 million bushels over the sales of the previous years?

Would our manufacturers and dealers have sold millions of dollars' worth of wire, pumps, generators, magnetos, and the kind of equipment which they did sell? Would there have been a shortage of ships, causing our shipyards to work overtime to build more ships, had it not been for these programs? Would we have sold millions and millions of tons of coal to foreign countries, giving our coal miners the best season they have had in years, had it not been for programs which some people, ill advisedly, I believe, think we should discontinue or drastically slash?

Mr. REVERCOMB. Mr. President, will the Senator yield at that point?

Mr. AIKEN. I yield.

Mr. REVERCOMB. I wish to say the Senator from Vermont is making one of the clearest and one of the ablest expositions of this subject that I have heard. I compliment him upon it. At this point in his statement, when he is telling of the great advantages that have come to this country and to the people of this country and to those engaged in the various industries of the country as a result of moneys sent abroad, I wanted to call this to the attention of the Senator, and, for my own information, put this question: The bill provides for what is known as the development loan fund. Is that correct?

Mr. AIKEN. That is correct.

Mr. REVERCOMB. That is a new provision in the Mutual Security Act; is it not?

Mr. AIKEN. Yes. I think that is a drastic improvement over the programs of the past.

Mr. REVERCOMB. I want to concur heartily in such a provision, because, instead of direct grants of money by this country, there is now proposed a provision that countries we believe require economic aid may borrow money upon the basis that there will be a repayment. Is that correct?

Mr. AIKEN. That is correct, and most of the countries prefer to pay back the loans. I expect to cover that point a little later on in the statement I am making. I think that is one of the best provisions in the pending bill, and one which will receive a great deal more favor from the people of the United States than some of our programs, and certain provisions of those programs, have received in the past, and very properly so.

Mr. REVERCOMB. May I say to the Senator the provision for the Development Loan Fund is one that brings great satisfaction to the Senator from West Virginia, because for some time, since the countries of the world have more and more gained their economic footing, and since they have been on more solid ground economically than they were before, I have urged time and time again that advancements of funds for economic purposes be placed upon a loan basis. So it is heartening to me, and I believe it is satisfying to the people of this country, that now at last instead of providing grants or, as many persons have described them, handouts or giveaways, there is included in the bill a provision for the lending of money where the Government feels it should be loaned for needed internal development of countries that are our allies. Am I correct in that conclusion?

Mr. AIKEN. The Senator is correct in his assumption.

Mr. REVERCOMB. I thank the Senator very much.

Mr. AIKEN. I have pointed out that, because of a tremendous volume of exports, we have a considerable imbalance of trade. In other words, we are exporting a full billion dollars more of goods and commodities than we are receiving from other countries. This situation cannot go on forever without greatly disturbing world conditions and creating friction between nations.

How to correct this imbalance poses a major problem.

The United States is already one of the law tariff countries of the world.

We cannot throw our gates wide open and admit any and all products from foreign lands without restriction.

To do so would not only jeopardize hundreds of smaller industries in our country, but would probably fail to solve the problem.

Reduction in trade barriers must be more general and not a one-way street for a single nation.

The situation is presently being ameliorated by a large increase in foreign travel by Americans. This gets many dollars into the hands of other people,

and to that extent helps to reduce the imbalance of trade. Then there are direct loans to foreign businesses, sales of American surplus commodities for foreign currency, and private investment by Americans in other countries.

It is apparent that only a general strengthening of the economy of free nations will be the ultimate answer to both our economic and political problems.

In 1956, Americans invested two and three-quarter billion dollars in other countries, and this investment is earning money for the Americans who put money into that investment and who spend their income in the United States. However, without our mutual aid programs with foreign countries, we all know that American investors would not have dared to put \$2¾ billion into private investments in foreign countries last year.

American investors, contractors, technicians, and operators are now to be found literally from pole to pole and in virtually every country on the globe outside the Iron Curtain.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. HUMPHREY. I am very pleased to hear the Senator from Vermont make this point, because I think it is one of the most telling arguments in behalf of a mutual security program from what one may call the economic viewpoint of our own country. I believe in mutual security on the basis of the interests of our own country, and that is collective security against Communist aggression; but here is an argument that can be documented by facts, in terms of business investments, business opportunities, and what I believe to be the spreading of the finer aspects of the American political and economic system to other parts of the world.

Too often people in and out of Congress condemn American enterprise, either unknowingly or in a way I think unfortunate, by saying every time an American business enterprise goes overseas it is some kind of exploitation. That is not true. We have had examples of exploiting enterprises, but in the main I think it can be said that an American business enterprise going overseas takes with it not only American technology, know-how, and management, but takes with it some of the social standards of employee relationships, and some of the social standards of better working conditions, schools, and hospitals. I think those standards can be seen all over the world, and I think that strengthens our general foreign policy.

Mr. AIKEN. I thank the Senator from Minnesota for his remarks. I am speaking in general terms today, but the Senator from Minnesota and others know everything I have said can be substantiated—and documented, if that is the word to use—by records which are available to all. I am trying to point out some aspects which I feel have not been properly set before the people of the United States, some of whom have been inclined to regard these programs as

giveaway programs. At times they have been. We are trying to get away from that. I think the bill before the Senate does help us get away from that.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. REVERCOMB. The Senator was kind enough to yield to me a few moments ago, and we discussed the development loan fund a basic part of this very important bill. To what extent, can the Senator advise us, are there to be grants to countries abroad in addition to the loan development funds for economic purposes?

Mr. AIKEN. That is difficult to tell until we finish action on the bill and also on the appropriations. However, even in the funds which would be available for grants, the trend is toward loans. The committee, for instance, was asked to include \$25 million for Latin America. I think that was a good idea. We also provided that 90 percent of the \$25 million should be in the forms of loans. We had a similar appropriation of \$15 million last year. If I remember correctly, only half of that was required to be in loans.

We are steadily working away from grants and toward loans, except for the purely military aid program. I believe this bill is a further step away from grants and toward loans than any legislation which we have had to consider since the end of World War II.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. REVERCOMB. Let me say, with respect to the military, where the grants are made under mutual security, I do not raise any question and I have no quarrel with that procedure. I again emphasize, if the able Senator will permit me to do so in interrupting him, the importance of the loan feature, which we find here in economic development. I say again it is most heartening, and I believe will be heartening, to the American people throughout the length and breadth of this land to know that at last the Congress is recognizing the fact that while we want mutual security, we have a regard for our people, their property and their money, and that funds advanced will be upon a loan basis rather than upon a grant basis.

I wish to say I concur heartily in the belief expressed by the Senator from Vermont, that those with whom we deal would rather have this upon a sound basis of loans rather than grants.

Mr. AIKEN. If the proposed legislation did not work us in the direction of loans rather than grants, the Senator would not find the Senator from Vermont supporting it quite so vigorously as he is today.

Mr. REVERCOMB. I thank the Senator.

Mr. AIKEN. It is something we must do. It is not only fair to our own people, but it is fair to the people of other countries. Once their economies reach the level where they can deal on a businesslike basis, that is the way we should deal.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. REVERCOMB. And we feel that that time has come, and that under this bill, when it becomes law, we shall then proceed upon the advancement of moneys by loans rather than by gifts, under the provisions of the law, when we deem it best to send money abroad for economic development.

Mr. AIKEN. We are going that way very fast. I will point out a few exceptions before I conclude my remarks, but in general we are going in the direction of businesslike arrangements in the making of loans rather than grants, at a rapid pace. This is the longest step forward we have taken in the last 12 years.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. REVERCOMB. May I express the hope that for soundness, for fair dealing, and for mutual trust between this country and other countries, I hope that soon we may proceed entirely upon the basis of aid to economies by loans.

Mr. AIKEN. I would say almost entirely. There will be a few small countries which will have to be helped in other ways for some time, but we will almost go on a businesslike basis with them.

Mr. REVERCOMB. I thank the Senator.

Mr. AIKEN. Mr. President, I mentioned the Iron Curtain before the colloquy with the Senator from Minnesota and the Senator from West Virginia.

This leads us to the question, What is going on behind the Iron Curtain? Is it beginning to crack and, if so, what can be done to widen the crack?

Totalitarianism in any form is the natural enemy of democracy.

At the present time, international communism is regarded as the most dominant and dangerous form of totalitarianism.

It is a means to an economic as well as a political end.

It controls countries having a total population of some 800 million people.

It has its disciples in most of the other countries of the world.

It has as its goal the domination of the world and the people who live therein.

Yet, today, international communism is wavering in those nations where it was thought to be most strongly entrenched.

I do not mean to imply that Russia, Czechoslovakia, Red China, and the others are going to change their form of government in the near future. Having in mind Mr. Khrushchev's prediction that our grandchildren will be living under a Communist form of government. I think the safer prediction is to say that Mr. Khrushchev's grandchildren will be living under a fairly democratic form of government.

The crack in the Iron Curtain is widening. It first appeared in 1948 when Yugoslavia, ravaged and betrayed and stricken with hunger, appealed to the United States for aid. We gave the Yugoslavs about \$33 million worth of

food that year. Corn was one of the items—I think the principal item.

This enabled them to come through the winter and to establish and maintain a government which, while still professing to be communistic, vigorously dis-sents from the international brand of its neighbors.

But for American aid, Yugoslavia would undoubtedly be another controlled and dangerous satellite today. Heaven knows what would have happened to Greece.

With hardly any exception, the other satellite nations are looking hopefully to the day when they, too, may be free from the control of international tyranny. They cannot win that freedom without our help and encouragement.

We have indicated a willingness to sell goods and commodities on favorable terms to Poland, a nation which has recently taken a step—though a very short step—toward future independence.

We are taking this action with the full knowledge that there is an element of risk involved. There is always the chance that the Communist government in Moscow, seeing its hold on the satellites weaken, may choose to create incidents leading to armed occupation. It is also possible that these same rulers, seeing loss of power lying ahead of them, may choose war rather than risk certain destruction at the hands of those people who have been suppressed by their domination.

So long as the United States possesses the power to deliver total destruction upon any aggressor, it is unlikely that the hazard of an atomic war will be risked by any nation. As a matter of fact, it has been in the news much lately, Mr. President, that we have 250 or more airbases around the world from which counterattacks could be launched against any country which had the temerity to undertake to attack us, or even surprise us. These mutual security programs have played a large part in having those 250 airbases made available to us by many, many nations of the world.

Our information is to the effect that even now millions of people in Eastern Europe and in Russia itself are eagerly seeking news and hope from the Western World. Radio Free Europe and other agencies, public and private, are keeping that hope alive and growing.

Those who have been permitted to travel in these countries and those upon whom we depend for information advise us that there is almost a complete lack of bitterness and hostility towards Americans in those areas today.

We are now considering the mutual security or mutual aid program for the coming year. I wish to point out briefly why this program is so important to the United States.

In the first place, the greater part of the money spent on foreign aid programs is either spent in the United States or returns to the United States.

There are three phases involved in foreign aid programs.

First, there is direct military aid, which is comprised of ships, guns, planes, tanks, and the usual military equipment.

Almost invariably the contribution of military equipment to a foreign country is accompanied by a replacement of such equipment with more modern weapons for the American Armed Forces.

So, actually, in furnishing outmoded or surplus equipment, we are simply charging to a foreign aid program appropriations which would otherwise be required to maintain an up-to-date Military Establishment at home.

Included with the military aid there is the defense support program, through which we contribute food, clothing, facilities, and other equipment necessary to maintain the armed strength of friendly nations.

In this program, too, nearly every dollar spent for material is returned to the United States.

As a matter of fact, almost three-quarters of the cost of all foreign aid programs is in the interest of our own national security.

It is claimed, and with much justification, that instead of being an added expense, foreign aid for military purposes is actually a substantial saving to the United States taxpayer.

This is because of the far lower cost of maintaining armed forces in other countries.

The next phase of our foreign aid program is economic. Last year, this cost us about \$250 million. This type of assistance is a comparatively small part of the total, yet it draws the most fire from foreign aid critics. This money is spent largely in construction of roads, ports, bridges, schools and hospitals, and for water supplies and irrigation.

Part of this expenditure also returns to this country, but, in the main, our benefits are derived by strengthening the economy of the participating nation.

The final phase of our foreign aid program is the technical assistance program. This amounted to only \$135 million last year—I believe the bill calls for \$151 million this year—but dollar for dollar undoubtedly yields greater returns than any other money spent in foreign lands. Through this program, we help other people to help themselves in the fields of management, industrial production, and agriculture.

Through technical assistance, many countries in a short period of years have been able so to improve their own economy and their own standards that they are themselves bearing most of the cost of continuing these programs.

Just as the county agent, the home demonstration agent, and the club worker in the United States have made their contributions to the welfare of our country, so have their counterparts in foreign lands made equally great contributions to raising the living standards of many millions who live in underdeveloped countries.

Although for the first few years of the foreign aid programs, assistance to underdeveloped countries was given largely in the form of grants, we are now reaching the point where most of the assistance in the future, aside from outright military aid, will be made in the form of loans.

The establishment of the development loan fund is a striking departure from former methods. I expect it will not only prove to be effective, but also will be understood and accepted by the American public.

The question is frequently raised—How do you expect to collect a loan from an underdeveloped country? Why not give the cash and let it go at that? The same question was raised 23 years ago, when the Export-Import Bank was organized. The initial purpose of the Export-Import Bank was to lend money to people in foreign countries so they could buy from American industries and businessmen. It was really a domestic-aid program. At the time it was set up, there were some who believed that if we ever collected 50 percent of the loans made we would be doing very well.

What has happened? In the 23 years that the Export-Import Bank has been in existence, the losses from bad loans have not only been negligible, but the bank has accumulated profits amounting to \$435 million above all expenses. This has been done on an initial investment of only \$1 billion.

We help the other countries which are potentially wealthy, but have no purchasing power so to develop their resources that they can convert some of their mineral wealth, agricultural wealth, or whatever kind of wealth it is, into improved purchasing power, not only for their own people to use at home, but also to enable them to do a greater amount of business in the world market. In the future, I should say that, except for the costs which we incur in South Korea, Taiwan, and South Vietnam, we may expect that a large percentage of loans made in foreign countries from now on will be repayable.

I do not suppose the public generally knows that over the past few years we have received one-hundred-and-sixty-million-odd dollars in interest from so-called soft loans made a few years ago. We are beginning to collect on the principal as well, having received some \$14 million or \$15 million in principal on loans made a few years ago. The reason we have not collected more on the principal is that when such loans were made there was a provision in the contract which exempted the borrowers from making payments on the principal for the first 5 years. In the case of some countries, the 5 years have expired, and they are not only paying interest, and enabling us to get some income back, but they are paying something back on the principal as well, although it will be a long time before we get it all back.

Many countries in which we have aid programs are rich in resources. They simply have no way at present to convert their resources into purchasing power. Of course, there are some areas where it will be necessary to continue grants for the foreseeable future, but the world at large, including many of the less developed areas, has now reached a point where more businesslike methods may be employed.

Summing up the results of our endeavors over the past 10 years, we find that although there have been failures in the field of foreign cooperation the successes have outweighed the failures. World trade has increased enormously, health and education have made much progress in so-called backward nations. Fear of famine has been mitigated.

The charge that the United States was motivated by imperialistic ambitions has been generally discredited. Several countries which tottered between totalitarianism and the western democracies are definitely on the side of popular government today.

The people of the world are becoming better informed each year. Colonialism is waning, and some governments are attempting to become more democratic. The United Nations is still a going concern and making a considerable contribution to the efforts for world unity and amity.

The danger of war has not been eliminated. It could start from either of two sources. The leaders of international communism, feeling themselves hemmed in from the outside and facing revolution, peaceful or otherwise, from within, could resort to desperate measures. Or, smaller nations, seeking to fulfill nationalist ambitions, might resort to violent methods, thereby striking a spark which could kindle war on a major scale. The United Nations if properly equipped and implemented could do much to obviate the latter risk.

This is no time to abandon or impoverish a program which has already greatly strengthened the world economy, including our own; brightened the future for free people, and enhanced the security of democratic nations.

The bill before us is a good bill, its estimates of cost are reasonable and the long step it takes away from grants toward more businesslike methods is highly desirable.

Let us not emasculate it, either as to policy or the means of implementing that policy.

Let us go forward and not retreat just as the goal comes in sight.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATISTICAL PROCEDURES OF THE CONGRESSIONAL QUARTERLY

Mr. SCHOEPEL. Mr. President, on July 27, 1956—pages 13752 to 13756 temporary CONGRESSIONAL RECORD—I analyzed the so-called Presidential support scores prepared by Congressional Quarterly, a private organization. I was

critical of their statistical procedures, as they are based on the editorial selection of certain rollcall votes which their editors decide should be used to reflect support or opposition to the President's program. Apparently many people are confused and believe that the Congressional Quarterly is an official Government document.

My review of their work a year ago convinced me that they present statistics labeled as factual and nonpartisan to support their own political viewpoint. Since I challenged their statistics, I believed it was my responsibility to make my own study of the entire record of rollcall votes during both the 83d and 84th Congresses. I endeavored to determine the support for President Eisenhower's program by the members of the two parties in the Senate. My study was printed in the Appendix to the CONGRESSIONAL RECORD on August 17, 1956, on pages A6537 to A6547. Unlike the Congressional Quarterly, I reviewed all of the rollcall votes which could possibly involve the President's program over a 4-year period.

Mr. President, my statement of August 17 said:

There were 271 rollcalls in the 83d Congress, and 230 rollcalls in the 84th Congress, or a total of 501 rollcalls. Every rollcall has been reviewed and accounted for so that the record will be complete and all inclusive.

After eliminating procedural votes, as well as issues which were clearly not a part of the President's program, I find that there were 220 rollcalls in the 83d Congress and 203 rollcalls in the 84th Congress which represented a clear test of support for President Eisenhower.

In the 83d Congress on this entire group of issues, the Republican Members cast 7,525 votes in support of President Eisenhower's program or 64.7 percent of the total. The Democrats cast 4,114 votes or 35.3 percent of the total.

In the 84th Congress when the Democrats were in control of the Congress, the Republicans cast 6,682 votes or 59.4 percent of the votes cast for President Eisenhower, and the Democrats cast 4,575 votes or 40.6 percent of the votes for his program. Over the 4-year period on these 423 issues, Republicans cast 14,207 votes for President Eisenhower's program or 62.1 percent of the total. The Democrats cast 8,689 votes or 37.9 percent of the total.

An examination of the votes cast in opposition to President Eisenhower's program shows a sharp party division. During the 83d Congress, Republicans cast only 1,630 votes in opposition to the President's program or 25.7 percent of the total. Democrats cast 4,701 votes or 74.3 percent of the total. During the 84th Congress once again we find Republicans casting only 1,715 votes in opposition to President Eisenhower's program or 29.7 percent of the total opposition votes with the Democrats casting 4,053 or 70.3 percent of the opposition votes. Over the 4-year period, the Republicans cast only 3,345 votes in opposition to President Eisenhower's program or 27.6 percent of the total opposition votes. The Democrats cast 8,754 or 72.4 percent of the opposition votes.

I included a summary table in my remarks which I wish to include at this point in the RECORD. It is self-explanatory.

All Eisenhower rollcalls

Congress	Number of votes	Eisenhower position				Opposed to Eisenhower position			
		Republicans		Democrats		Democrats		Republicans	
		Votes cast	Per-cent	Votes cast	Per-cent	Votes cast	Per-cent	Votes cast	Per-cent
83d.....	220	7,525	64.7	4,114	35.3	4,701	74.3	1,630	25.7
84th.....	203	6,682	59.4	4,575	40.6	4,053	70.3	1,715	29.7
Total.....	423	14,207	62.1	8,689	37.9	8,754	72.4	3,345	27.6

Mr. President, it is impossible to measure either party support for the President or the position of individual Senators on the basis of a few scattered rollcalls.

On May 14, 1957, I received a letter from the executive editor of the Congressional Quarterly, which I wish to include in the CONGRESSIONAL RECORD at this point:

CONGRESSIONAL QUARTERLY,
Washington, D. C., May 14, 1957.

HON. ANDREW F. SCHOEPEL,
Senate Office Building,
Washington, D. C.

DEAR SENATOR SCHOEPEL: In view of your interest in this subject last year, I am sending you the first interim measure of presidential support done by Congressional Quarterly for the session up to May 12.

Cordially,

THOMAS N. SCHROTH,
Executive Editor.

I have examined this so-called interim measure of presidential support by the Congressional Quarterly. It is an amazing document. It was timed to reach the press when President Eisenhower made his first television address.

The Congressional Quarterly says:

Congressional Republicans have opposed President Eisenhower's legislative program more often than they have supported it so far in the Democratic-controlled 85th Congress.

The opposition Democrats not only have supported the President more than the members of his own party, but also have supported him more than they did in the past two Congresses of his administration.

The Republican level of support, meanwhile, has dropped lower than at any time in the past and has drawn the average congressional support score to a lower point than it reached in the 83d and 84th Congresses.

These results of Congressional Quarterly's midsession survey of House and Senate voting explain more than anything else why President Eisenhower feels compelled to bypass Congress and take the case for his program directly to the people through nationwide radio and television.

He recognizes the need to light a fire under his fellow Republicans on Capitol Hill, whose support of the Eisenhower budget and legislative program has dropped sharply since the President won his landslide reelection victory last November.

The so-called interim measure of Presidential support released by the Congressional Quarterly as nonpartisan was actually a Democratic Party propaganda piece to give the impression of a deep rift within the Republican Party. The Congressional Quarterly statement to the press continues with the following:

The weakening of Republican support has caused the President some legislative losses.

His position was upheld on 19 of the 31 rollcall votes in 1957 for an average of 61 percent. In the Democratic 84th Congress (1955-56), the President's winning average was 72 percent; in the Republican 83d Congress (1953-54) it was 83 percent.

Mr. President, in analyzing the 31 rollcalls, I find that they include votes in both the Senate and in the other body. I do not know how one can combine votes in the two Houses and come up with an overall winning average for the President's program. No one can claim that a measure based on so few votes is an objective statistical procedure.

I shall not concern myself with the votes in the other body. The Senate picture is so distorted that I shall confine my remarks to it.

The Congressional Quarterly release said:

The 9 Senate votes included 3 budget tests, the Mideast doctrine, and such controversial nominations as those of Scott McLeod and Gen. Ralph Zwicker.

Since the controversy of a year ago, the weekly issues of the Congressional Quarterly indicate on each rollcall the position which they say would support the President's program. I have made a very careful examination of the weekly issues of the Congressional Quarterly and can find only 7 votes, not 9 votes, which, according to their board of editors, measure support for the President.

Mr. President, I have prepared a table listing these votes and the pages of the Congressional Quarterly on which they appear.

Rollcall No.	Date	President's position	Page No.
4.....	Feb. 18, 1957	Yes.....	220
6.....	Mar. 2, 1957	Nay.....	298
10.....	Mar. 5, 1957	Yes.....	299
17.....	Apr. 1, 1957	Yes.....	418
18.....	do.....	Nay.....	418
21.....	May 8, 1957	Nay.....	553
22.....	May 9, 1957	Yes.....	553

Mr. President, the flexibility of the Congressional Quarterly's methods are illustrated by the fact that we now find that 9 Senate votes are included in their support scores while there were only 7 selected in their weekly tabulations.

Obviously it is impossible to reflect the position of any Senator in terms of the President's entire program on either 7 votes or 9 votes. If 9 votes are used, each vote counts for 11 percent of the total score. If only 7 votes are used, each vote counts as 14 percent of the score. The only way a support score or a party-unity score can have any meaning is

in terms of the entire session. That is why I prepared my study a year ago based on the entire record.

Through May 12, the cutoff date for the Congressional Quarterly interim measure of Presidential support, there were only 22 Senate rollcalls. Based on past experience, by the time we adjourn there should be sufficient rollcalls to provide some information that might be meaningful. I have examined the past record to see how many rollcalls we normally had taken by May 12 and the number of rollcalls by the end of the session.

Mr. President, I have summarized this data in a table which shows the unfairness of preparing an interim support score at this date. It is self-explanatory.

Number of rollcall votes	By May 12	By end of session
83d Cong., 1st sess.....	19	90
84th Cong., 1st sess.....	37	94

In reviewing the issues they selected to measure support for the President, the Congressional Quarterly says:

Two-thirds of the 22 House rollcalls were on the budget. The others included the corn bill, the Mideast doctrine, and a probe of monetary and fiscal policies.

Mr. President, the corn bill in the House was a part of the President's program. As I said previously, the Congressional Quarterly stated that:

The 9 Senate votes included 3 budget tests, the Mideast doctrine, and such controversial nominations as those of Scott McLeod and Gen. Ralph Zwicker.

Apparently the corn bill was not considered a part of the President's program in the Senate. This is a further example of the flexible methods used by the Congressional Quarterly to make the statistics fit their own purposes. Their purpose in this case was to divide the Republican Party and to continue to further the Congressional Quarterly theory that over the years President Eisenhower has been supported by the Democrats in this body and opposed by the members of his own party.

In my remarks on July 27, 1956, I included a letter which I had received from the distinguished senior Senator from Maine. I wish to include at this point the final paragraph of her letter to me, which reads as follows:

I believe that Congressional Quarterly does provide a valuable service. But I think that its publishers have a very serious obligation to avoid editorial slanting in their analyses if for only two reasons: (1) the very name of the publication causes many people to believe that it is an official publication of Congress, and (2) it represents itself to be completely objective.

I then said:

Mr. President, the distinguished Senator from Maine has raised the interesting point, that many people may believe that Congressional Quarterly is an official or semiofficial publication of the Congress. I intend to study this matter fully to determine whether legislation should not be introduced to protect the use of the name "congressional" just as the Congress has protected the use of

such words as "United States" and "Red Cross" from commercial exploitation.

In view of this completely distorted "interim measure of Presidential support" which has been so widely quoted in the press, I can understand why there are requests to introduce legislation to protect the name "congressional" from misuse by a commercial organization. This obvious political use of what many consider an official Government publication has gone far enough. It is time to call a halt to these misleading practices.

MUTUAL SECURITY ACT OF 1957

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, I believe all Senators know my position on the pending measure even before I speak, because in years gone by I have always expressed myself against the giveaway program, as I call it, which some others call the mutual security program.

The so-called mutual security bill now before the Senate, as I see it, is merely another device to take away from the American taxpayers more billions of dollars for giveaway programs for foreign governments.

There is little mutual security in the bill. In truth, there is little of anything mutual about the bill other than the fact that American taxpayers are mutually sick of paying the full load for the rest of the world. The very term "security" is a misnomer. In fact, it is simply a cloak behind which hides the biggest pork-barrel legislation the world has ever known.

I call attention to the fact that at present we are giving away so much money that we do not know how to distribute it properly. At present, approximately \$6 billion has not even been allocated, although its spending has been authorized. That proves to me that the foreign nations have not been begging quite fast enough for us to give out what has been appropriated for them. I noticed in the newspaper today that one small country had refused our money; it did not want any of it.

The moneys being asked for in the name of mutual security are, in the main, nothing more than subsidies for foreign governments to use in building up agricultural and industrial programs in their countries which will be used in competition with American business, industry, and workers. This is exactly what happened in Japan when we—and I say "we" loosely, for I opposed the program when it came up—helped them with subsidies to build up their textile industries.

Oh, it was said that we must build up a textile industry in Japan, in order to get that country back on its feet. Today the whole textile industry of the United States is pleading with our Government to take action to prevent the United States from being flooded with cheap cotton materials made in Japan, where the laborer works for 15 or 16 cents an hour, as against the \$1.25 or \$1.50, or more, an hour which is paid in America.

We must bear in mind also that when the foreign countries buy our cotton, we are giving them in addition an advantage of approximately 6 cents a pound over our textile industry in the United States. The foreign countries buy on the world market, which is usually 6 or 7 percent below the price on the American market.

The bill is called "mutual security." I do not call it that. There is no doubt that all the money we are dumping into the laps of foreign countries in the sacred name of security will come back to haunt us and our children.

Many persons are wondering today why it is that foreign countries have reduced their purchases of American cotton. I can tell them why. The reason is that we have poured mutual-security money into those countries and have taught them how to grow cotton. They do not need to buy cotton from America when they can grow it at home.

We have given away money, here, there, and yonder to build dams for irrigation purposes. Then we complain when surpluses are built up in the United States. We have helped to build them up. In helping to build up surpluses, we have hurt our own people at home.

There is no doubt that all the money which is being dumped into the laps of foreign countries in the sacred name of mutual security will come back to hurt us and even our unborn children.

We should stop to think of the people who will pay the taxes for mutual security. We do not have the money; we have to borrow it, and we have to borrow it at a high rate of interest. Interest rates have gone up during the last few years by approximately 50 percent. If we do not stop spending and giving away our resources, how can we expect the American people to reduce their personal debts, consumer credit, and the like. We are continuing to give away billions of dollars while the American people are unable to pay off their national debt.

If our national debt were to be reduced by \$2 billion a year, I wonder how many Senators realize how long it would take to wipe it out entirely. It would take more than 140 years. We would still be paying off the debt in the year 2097.

Senators who pride themselves on the virtue of prudence should think of what we are doing and of the example we are setting for our people. We should remember that our economic security is just as important as our military security.

I said the other day that if the salaries of the Government workers were increased a little, if the Government paid out a little more money for the benefit of its employees, it would enable the Government employees to meet the rise in the cost of living.

The more we go into debt, the cheaper the dollar becomes. It will continue to become less valuable. The value of the dollar today is already down to 50 cents. I hope Senators will realize that the decline has not stopped at 50 cents, but that the value of the dollar will continue to go down. It will drop to 45 cents, and then to 40 cents, if we do not at some point stop increasing the debt.

Many of the Nation's schoolchildren annually visit Washington to view the

National Capitol and all its sacred shrines of liberty. Let us look around us when we are spending money on foreign governments. Every year the Federal Government loses millions of dollars in work hours because the Federal employees must be dismissed from work because inadequate housing makes it impossible for them to continue their work in the national interest in inclement weather.

Let Senators walk down Constitution Avenue. There they will see some little shacks which have been standing for 15 or more years—buildings made of plywood. It is said that the Government cannot afford to construct the necessary buildings in which its employees must work. In the summertime, those buildings are so hot that the employees must be dismissed at 3 or 4 o'clock in the afternoon. In the wintertime, the buildings become so cold that the employees cannot remain in them because of insufficient heat. If the proper kind of buildings were erected, so as to enable the employees to work a full day, the Government would benefit by real economy. But, no; we send our billions of dollars overseas. Some Senators say we cannot afford to correct the situation I have just spoken of. They say we cannot afford to provide adequate housing for the Smithsonian Institution or other agencies of the Government, but now we are asked to authorize giving away money to foreign governments so they can make adequate provisions for their people.

Mr. President, I see sitting before me the Senate pages. It is hard to believe that the House of Representatives and the Senate say the Government cannot afford to build a small home for them. So, instead, they must live in various boardinghouses all over the city of Washington. I have been advocating the construction of a home for the pages. It is said that the Government does not have sufficient funds for that purpose. Yet the Government says it can give billions of dollars to foreign countries. Mr. President, that does not make sense either to me or to my constituents.

Today, the taxes on our people are oppressive. They are still paying for two World Wars and a depression, and now we expect them to support the entire world.

Mr. President, I say "No." We are asking too much of a generous but tired people. What we need to do is to reduce taxes at home. We need to strengthen our economic front at home. While we continue these spending programs in the name of security or any other name, we can never reduce taxes here or reduce the national debt without sacrificing some domestic program the people of our country are in need of.

We shall never satisfy the needs of the world. We shall never be able to satisfy the appetite of some countries that already are playing a game of blackmail—such as Egypt, which is threatening to turn to Russia if we do not come across with more. I say, let them go to Russia for money, if they can get it. In 6 months after Russia cuts them off, they will be right back

at our back door. Everyone knows that Russia is in poor economic condition, and that her own people are no better off than those whom we are helping.

Mr. President, only a short time ago England told us she could not pay the interest then due on the money she had obtained from us—one of the first loans we made following the war, in the amount of \$3,750,000,000. But at almost the same time, England reduced the taxes on her own people. Yet the United States excused England from making that interest payment, and threw it into the future.

Our course should be one to cut foreign spending, reduce taxes at home, and reduce the national debt by a specified amount each year, until it is wiped off the books.

Mr. President, would any good businessman conduct his affairs in the way our Government is being operated? Think of it.

If we authorize this spending, and later give these foreign governments this money, mark my words, other countries will follow the course of England, which, as I have said, not long ago cut taxes, and then began to trade with Red China, which we would not do.

Instead of making all these gifts to foreign countries, Mr. President, I should like to see the personal exemption for income-tax purposes increased from \$600 to \$800. That would provide some relief at home; and most of the money the taxpayers would save as a result of that increase in the exemption would be put into circulation, and thus would aid business in the United States. But if the United States continues to send its funds abroad, such an increase in the personal exemption will not be possible.

Mr. President, the enactment of this bill will result in throwing away the money of the people of the United States; and the bill will accomplish nothing more than an increase in our indebtedness.

Mr. President, did you ever loan money to a friend or acquaintance, and then find that he would not pay it back? Under those circumstances, did you ever see him, one day, coming down the street toward you, and find that either he darted into a store, so as to avoid meeting you, or crossed the street, instead of facing you? So it is, Mr. President, with the countries to which we are sending our money—to which we are lending it, so to speak. In many cases, they will never pay it back.

I, for one, do not intend to be a party to giving away the money of the taxpayers of the United States.

Mr. President, I would prefer a bill authorizing the appropriation of the same amount of money that this bill would authorize, and then have that bill submitted to the voters of the United States, so as to learn whether they wish to give that amount of money to foreign countries. I would even be willing to have such a bill provide for double the amount of authorization the pending bill provides, and then have that bill submitted to the voters of the United States, and let them vote on it. We would find that they would not vote on

it in the way that some Members of the Senate have been voting.

Mr. President, no good will come from this kind of international pork-barrel legislation.

I hope other Members of this body who think as I do about the pending bill will stick to their guns and will vote against it.

I, for one, intend to vote as I have in the past. I am glad to see that gradually more Senators and more Members of the House of Representatives are beginning to vote as I have voted. I believe it will be found that they will continue to do so, as they become more familiar with the sentiments of their constituents. If the Members of the Senate and the Members of the House of Representatives will only make this question an issue in their States, they will find that the program is not so popular with the voters who are paying the national debt as some persons may think it is.

So, Mr. President, I sincerely hope each Member of the Senate will seriously consider the issue before he votes on this bill, and will reach the same conclusion that I have reached, namely, that the proposal to give the money of the taxpayers of the United States to foreign countries is a bad one.

Mr. JAVITS. Mr. President, I have had in mind making some general observations on the subject of the pending bill. Tomorrow I shall have an opportunity to speak with respect to certain amendments which I shall propose to the bill. They will be amendments designed to fortify the bill in respects which I believe important to the ultimate objectives of the measure.

But, Mr. President, today I should like to confine my remarks—which will be brief—to some of the major objections which have been made to the bill by the Members of the Senate whom I have heard today.

I wish to qualify myself on this point, Mr. President. For a number of years I served in our sister body, across the Capitol, on the committee which was concerned with legislation in this field. From the initiation of the Greek-Turkish aid program in 1947, I became very familiar with the objections which have been voiced here today and with some of the answers to them.

Mr. President, I think it significant that today we hear almost the same objections to this program that we heard back in 1947 and 1948. I am amazed to find that in all this time, apparently nothing has been learned by the opponents, at least as judged from the fact that they continue to make the same arguments they made before. Certainly they are sincere, and they are entitled to have their objections answered; but it is very interesting that their arguments remain much the same. It is also very interesting that, despite those arguments and after the test of 10 years of experience by the American people, the foreign-assistance programs have continued to be supported by the Congress, with substantial majorities in both Houses, year after year.

Mr. O'MAHONEY. Mr. President, will the Senator from New York yield to me?

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). Does the Senator from New York yield to the Senator from Wyoming?

Mr. JAVITS. Certainly.

Mr. O'MAHONEY. I was reading the report of the Foreign Relations Committee, when I heard the Senator from New York say that the opponents of the bill are reiterating the arguments which have been made in the past, and apparently the Senator from New York said the opponents of the bill have learned nothing from the past.

I should like to have the Senator from New York know that formerly I was an enthusiastic supporter of the program. I find that it is not the same as it used to be. At the precise moment when the Senator was making his statement, I was reading this sentence from the first page of the committee report. It reads as follows:

A development loan fund is created—

"Created" is the word. That is something new, something summoned out of the atmosphere and given a body and a form for the first time. It never existed before.

A development loan fund is created to make loans and to engage in financial transactions, other than grants or purchase of equity securities.

I repeat the words, "other than grants." The Senator, of course, is aware of the fact that there has been growing opposition to grants and that there has been growing support for limiting aid for foreign nations to loans. But here, apparently, according to the interpretation of the committee:

A development loan fund is created to make loans and to engage in financial transactions, other than grants or purchase of equity securities, designed to promote the economic development of less developed countries.

The next sentence reads:

Appropriations of \$500 million are authorized for fiscal 1958, and in addition the fund is authorized to borrow from the Treasury \$750 million in each of fiscal years 1959 and 1960.

Members of the Senate who will be elected in 1958, Members of the House who will be elected in 1958, the new Congress which will be brought into existence by the electorate of the United States, will be bound by the terms of this bill, if the report correctly states the situation.

I thank the Senator for letting me interrupt him to point out that there are new arguments coming up constantly against this bill.

Mr. JAVITS. I thank the Senator for his observation. I think he has helped me demonstrate my point, and for this reason: I said that I hear now the same arguments I heard in 1948, and I think that is true. What the Senator has pointed out is that the proponents of foreign aid have learned a great many things. I hasten to add, indeed we have. We have learned a great many things ourselves, and we are trying to put them

into effect. I think this idea of a development loan over a period of time is a distinct improvement. I am for it. I wish to point out that the gentleman from Ohio [Mr. VORYS], a Member of the House of Representatives, advocated it for a very long time and I worked with him on a good many occasions.

As to the Senator's observation that we shall have no control over this authorization because we make it for the years ahead, there, too, I point out that any Congress can annul anything that any other Congress has done. This is only an authorization bill. Not a single dollar can be obligated under this bill until it is appropriated. This Congress and every other succeeding Congress must make an appropriation.

I have a tremendous regard and respect for my colleague the Senator from Wyoming. I think we represent normal differences on a very basic issue. I respectfully submit that an analysis of the arguments will bear out what I have said. I hope my colleague will do me the great honor of standing by and listening to the arguments and himself checking the arguments that have been made before and time and time again since.

I do not want to be absolute and doctrinaire about it and say nothing new has been learned by the opponent and I would withdraw such an absolute statement by the same arguments in substance are still made by most opponents of foreign aid. But the proponents have learned a lot, because their minds have been open to what is happening in the world—I think that is the fundamental issue.

First, it is said we are engaged in giveaways. "Giveaways" is a word that has been used constantly. We hear it all the time. We hear it said there should not be such giveaways at a time when we need schools, housing, help for the aged, help for the youth, public works of various kinds, and when we ought to be reducing taxes. I agree with all of those objectives but I do not see that it means knocking out foreign aid.

Let us test that argument. One engages in a giveaway when he gives something to somebody unnecessarily. It is not engaging in giveaways when we give something to somebody that is conducive to our own security and to furthering our own policy. Also, used in the same context in which it is used in the arguments, we would be giving away something when we give it to somebody who is doing very well and who does not need it. Some of us know the difficulty of trying to give a gift to someone who already has everything. By either analogy, what we are doing is not a giveaway.

First of all, the overwhelming amount of money involved in this measure and in the preceding foreign-aid measures goes directly for military equipment and military preparation on the part of our allies in the free world, either in terms of hardware, training, or food, or other items which are necessary to equip armies. So it is not a giveaway to fortify our military strength in that way. Practically everybody has agreed that the military assistance phases of the program are all right.

I point out to my colleague, the Senator from Wyoming, that I read with interest the remarks in opposition to this proposal by the very distinguished senior Senator from Oregon, who is a friend of mine, and for whom I have a high regard. He, too, says, at page 6 of the minority views:

This country needs allies and, in some cases, extraordinary military and support aid may be necessary to assist them in resisting dangerous totalitarian pressures from within and without. That was true when NATO was organized.

Every report of every committee that has reported upon this subject accepts that pretty much without question. There are some differences on details, on whether it is being done efficiently or not, but the fundamental principle of military assistance is accepted.

I come now to the question of economic aid. It means \$600 million a year, when we strip it of all the military phases of the program. When it is broken down, we find that half of that amount actually will go to the great majority of underdeveloped countries like Korea, Formosa, Vietnam, and Turkey, and similar nations where even nonmilitary economic assistance is directly tied into the overall national security situation.

There is a very interesting article in the New York Herald Tribune of today which illustrates this point. I ask unanimous consent that it be printed in the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TURKEY IS GOING THROUGH A PERIOD OF DIFFICULTIES

(By Metin Ergin)

The Russian diplomats have in the last months been very active behind the scenes in Turkey trying to convince Turkish statesmen to accept a Russian loan which will include technical and economic assistance. But the Turks would rather be without coffee, tea, medicine, and even essential food than accept a Russian hand of friendship. Despite their firm stand against the Soviets, nobody can deny that the Turks are having the most difficult time since the foundation of the republic in 1923 by Kemal Ataturk.

This country is short of foreign currency and so serious has become the financial crisis that the very existence of Western defense is in danger. Turkey, which has been keeping an army of 400,000 for a long time, is inclined to decrease it by one-fourth now. A loyal member of NATO and the linchpin of the Baghdad Pact for the defense of the Middle East, Turkey is also holding the straits, which the Russians have been trying to occupy for three centuries.

The emergency here can be saved by greater and more intelligent United States economic and financial assistance. President Eisenhower's Middle East program came just in time. But American statesmen are still taking things for granted in Turkey, while oil-owning Arabic countries are considered to be the main target.

TURKEY'S TROUBLE WITH WHEAT

In 1954, Mr. Adnan Menderes, the Turkish Premier, asked the United States for a credit of \$300 million. This was brushed off in Washington mainly because a program showing how the credit would be spent was demanded by the United States Government.

This was considered interference by Turkey, as it was a loan to be repaid.

The International Cooperation Administration has nevertheless expanded its help to Turkey in obtaining emergency supplies of wheat, fuels, and spare parts.

As a matter of fact, many other factors have contributed to this situation. Grain crops in the last 3 years have been a failure mainly because of the bad weather conditions which forced a wheat-exporting country to import millions of dollars' worth from United States surplus to be paid for in Turkish currency. This year the country will still need to import wheat.

Then suddenly last month a series of earthquakes wiped out several cities and towns in western Anatolia. The second blow came in late May and hit the town of Bolu and many villages.

PREMIER MENDERES PUSHES INDUSTRIALIZATION

Premier Adnan Menderes has faced all criticism since 1950 as the leader of the Democratic Party, which defeated the Republicans, in power for 27 years. Following the Democratic Party's greater victory in 1954, Mr. Menderes increased his tempo of converting Turkey from an agricultural country to an industrial power. If he succeeds, he would become the second greatest statesman in modern Turkey's history, following Kemal Ataturk.

In the face of rising prices, his Government is continuing on a huge industrial development program—dams, powerplants, ports, factories, mills, and highways.

Apart from what the American or Turkish economists say about this industrialization under difficult circumstances, the 1958 elections are going to be the hottest ever and would show whether the 26 million Turks approve the Government's policy or not.

Germans have already given their hands of friendship to Turkey, mainly because they were the first to discover this country's tremendous natural and mineral resources.

The first step toward this was the recent agreement providing for the purchase by Germany of ammunition and small arms made in Turkey amounting to 740 million German marks. Of this sum, 250 million marks will be immediately remitted as an advance payment. Turkey will use this foreign currency to pay its debts to Germany and import badly needed goods for the country's industries.

OIL PROSPECTING BY FOREIGN NATIONS

It should also be noted that 13 foreign oil companies have invested great amounts for oil prospecting. The national oil company in Turkey is already supplying 30 percent of the needs of the country. According to some foreign experts, there is more oil in Turkey than all Saudi Arabia, Iraq, and Iran combined. But the country lacks the necessary capital to direct the research and build the huge plants.

There is such secrecy among foreign oil companies in their search for oil that big news can be expected any day. This factor alone would be enough to change everything and solve Turkey's difficulties.

In the midst of these problems a cable sent to Archbishop Makarios by Governor Harriman of New York stirred up the normally calm Turks. Mr. Harriman's cable saying "The State of New York will shortly have the opportunity of extending to you its hospitality and warm welcome" was considered an invitation in Turkey. The Governor later denied it. But Makarios accepted the bid and wrote to his friends that he would be in New York in late July or early August. The Turkish reaction was bitter, since they blame Makarios for the present terrorism in Cyprus, which has become a great conflict among England, Turkey, and Greece. The Harriman letter was considered to be the policy of the United States Government. The people of Turkey were confused, as their governors represent the central government

in their provinces. The American officials spent a lot of effort convincing them that Governor Harriman was elected by the people of his State and has no connection with American foreign policy.

TURKEY ALWAYS ALLY OF UNITED STATES

The Turks appreciate the \$700 million in economic aid and approximately \$1 billion in military equipment given as United States assistance. This country is also prepared to fight any aggressor at any time. The Turkish brigade in Korea proved that they are among the world's toughest fighters. They hate communism and don't like to play a double game in politics. Turkey is always going to be a friend and ally of America, whatever the situation is.

The Turks know that if a country is not strong enough economically, the best-equipped armies and the toughest soldiers may not mean much. As a nation which has fought thirteen wars with the Russians in the last three centuries, the Turks believe they know more about Russia than any other country. And while trying to develop economically and socially, they hope not to make the mistakes of Egypt and Syria in permitting the Russians to gain a foothold in their country.

Mr. JAVITS. The article is headed, "Turkey Is Going Through a Period of Difficulties."

The first sentence reads:

The Russian diplomats have in the last months been very active behind the scenes in Turkey trying to convince Turkish statesmen to accept a Russian loan which will include technical and economic assistance.

I think there are very few who will deny that one of the stoutest and most militant allies against communism we have in the world is Turkey. So, in respect of Turkey, not only has Turkey been heavily dependent on our economic and military assistance in the foreign aid bills, but we are also facing great competition at a vital strongpoint of the free world. So far as giveaway is concerned in that respect, it is a question of whether it does or does not contribute to our national security.

In terms of whether it is going to people who are already enjoying lush living, where we are giving them a lot of cream for their coffee, everybody knows nothing could be further from the truth. As a practical matter, most of the people of the free world—more than a billion people of them—are living on a standard of living which is roughly one-eighteenth of our own. I repeat that figure—roughly one-eighteenth of our own. They have about \$100 a year in per capita income, as compared to about \$1,800 a year—dollars of the 1947 vintage—for the people of the United States. No fair, decent, and just person begrudges the well-being of the people of the United States, in my opinion. But at the same time it seems to me we must have some comprehension of the responsibilities of the man who earns 18 times more than the other fellow, and yet who lives on the same street. The question is, in very elementary terms, what condition do we want this street to assume; ours, or the standard allowed to the \$100-a-year man?

That is essentially, in my opinion, an extremely important element in this question of giveaway.

Finally we have the question of reducing taxes. Again, it is so easy to make sweeping generalizations, but we should consider a few figures. In order to reduce the personal exemption by \$100 a year per person under our tax system, we need to have available \$3 billion. \$3 billion. What Senator in good conscience would cut taxes \$3 billion unless there was available at least \$5 billion or \$6 billion upon which to rely?

Here we are talking, in respect to this economic aid program, about possibly \$600 million. Add any figure to that which the opponents of the bill might want. Anything they can develop from this bill certainly will not exceed a billion dollars. So I say again this argument does not hit the mark, and does not give us the true situation.

So much for the giveaway point and the point on taxes. Many of my colleagues have also commented on that subject, but I think it is very important to develop it so none of our people will misunderstand, because I believe we are facing this argument right now, and have every right to meet it head on.

The second big argument that is urged I have heard for 10 years. Again, I respect it, or I would not be speaking to it today. It is the argument that the foreign assistance program does not win friends, that there is much anti-American sentiment in the world, and that we are not necessarily liked merely because we give aid in various countries.

In the first place, I think that is a rather naive standard for us to determine our policy mainly on whether we are liked or not. I do not think we should be too much concerned about whether we are liked or not liked: Everybody prefers to be liked, but that is hardly the standard for an international policy.

I think what we are after is that the world should be such that we can live and develop in it and live out our destiny without running into World War III. We certainly do not want to be hated, but I do not think our particular objective in life is to make ourselves so pleasing and so agreeable to everybody that all will like us. That would hardly demonstrate character on our part, or indicate character in terms of international conduct or international relations.

I rather think that the standard of our policy must be that more nations will remain on the side of the free world than will go over into the satellite orbit of the Soviet Union. This has been for the last 10 years what we have been trying to do, and I think it is an eminently correct objective.

The major area in the world where this argument is very important, indeed, one of the most critical areas, is India. I had the privilege of visiting in India with my wife last December, and actually going through the country to personally see what our foreign economic-aid program is doing there, in terms of backing up the thesis that we are liked or not liked, or are doing or not doing something, or that the program does or does not contribute to India's capabil-

ity for remaining in the free-world orbit.

Mr. President, I am here to report personally that our foreign-assistance program is making a tremendous contribution toward keeping India from going over lock, stock, and barrel to Communist China and the Soviet Union, because our foreign-assistance program is getting right down to the grassroots, to the people who live in the villages of India.

Let me state that in words and figures. We are backing, to the tune of roughly \$25 million a year, in round figures—which is about one-third of our economic assistance to India—what is known as the village-improvement program, which is reaching currently and has already reached something like 20 percent of the people of the villages of India. That represents a quarter-billion people—250 million—and the program will reach, within the next few years, about 80 percent of all the villages of India.

What does this program do? It does not do anything very elaborate, I assure Senators, but it represents literally a revolution in the Indian villages. It provides a main thoroughfare with a paving of bricks; it concretes a well, instead of leaving it an open hole, as it might have been for centuries; it gives the villager a small cast-iron pipe to take the cooking odors and smoke out of his hut. All of this makes a difference as great as that between day and night in the particular village and particular town of India.

That program is serviced by small teaching centers in a centrally located larger village. At every point I found that it was identified with the activities of the United States of America and with the activities of the Government of India.

We do not purport to send our own people into these particular villages. All we do is to teach the instructors who are actually engaged in this program around the country, and—and this is where people immediately identify it with us—we actually supply jeeps, road equipment, and similar items, which are very clearly American equipment, and which represent the mechanical side, marginal as it is—not very big or elaborate—still very much in evidence to the villagers as to the participation of the United States.

I respectfully submit that where we improve the living conditions of the people who live on such substandard bases as the people of India, in such an apparent and obvious way, very directly to them in their own personal lives, we are striking an enormous blow toward keeping them on the rolls of the free. So far as the people of India are concerned, we know what the penalty would be for our losing them to the Communists, because if we lose India then we will have lost Asia, and the enormous population balance of the world will go over to the Soviet and Communist side instead of being on our side, as it is today. I do not think anybody needs to paint in more lurid colors the result of that in terms of our own national security and in terms of the peace of the world.

The third argument which is made is that we are building up, by our foreign aid program, competition for the United States. The most notable examples which are cited generally are what has happened in Germany as a sequel to the Marshall plan, and what is happening in Japan. My good friend and colleague, the Senator from South Carolina [Mr. JOHNSTON] referred to that a few moments ago.

What is overlooked in that regard is the effect upon the exports and imports of the United States. I was delighted to hear the Senator from Vermont [Mr. AIKEN] this morning make these points and make them very strongly so far as the agricultural community of the United States is concerned. I should like to make them in terms of the industrial community of the United States.

We have a program of economic assistance, as I said before, which, even if it were totalled up to include everything that could conceivably be put under that heading in this bill, would not exceed a billion dollars a year. Yet our aggregate foreign trade is \$30 billion a year plus, with exports from the United States forecast for 1953, which is the year in which this bill will be truly effective, at \$18½ billion, calculated to employ about 5 million Americans.

We know as a practical matter, because we have discussed exports and imports in this body time and time again—and long before I came here—that the best customers for our own exports are the most highly industrialized nations. We also know that as the well-being, the income, and wealth of particular nations increase, those nations are most likely to buy from us in greater measure, because we sell the kinds of things which the more highly developed countries are very anxious to acquire.

In the case of Japan, for example, it is extremely easy to talk about the competition of Japanese textiles. Nobody, including myself, wants to see that run wild. But we have to consider that in the perspective of the fact that Japan is one of the finest customers for American cotton and is one of the best customers for various other products which are produced by the American economy. We cannot have it without giving it. This is one of the fundamentals which we have learned and are constantly learning in respect to the foreign-assistance program.

The same is true of Germany. Germany has prospered greatly in industrial terms. I ask this question: In terms of the fundamental security of the United States, do we believe that Germany would today be affiliated with the NATO concept of security in Europe, and would we be looking to Germany, for all practical purposes, as the military anchor of Europe, in terms of its potential power as an influence in the NATO security structure, if we had not helped Germany to get on its feet economically? I think the answer is decidedly no.

The fourth argument which we hear very much is that we do not have to do what we are doing in terms of foreign aid, and that the competition of the Soviet Union is not very great in that

regard. I have seen some figures quoted on that subject, but I think some facts might be very useful. What is omitted in the generalized statements about Soviet economic and technical assistance to countries like Afghanistan, India, Burma, and other countries to which it is offering this kind of assistance by making what are considered to be modest contributions, is a statement of all the figures with respect to the Soviet Union, in terms of what it does with its satellites, in terms of what it does with Communist China, what it does with Rumania, Hungary, and the various other countries in the Soviet orbit. We have no such orbit. We are seeing, in the bill today, the whole "kit." This is a bill for our foreign assistance, but in comparisons made with the Soviet Union, we do not see the entire picture. We see only what is evident in terms of the free world, but not what the Soviets do in terms of keeping their own satellites together. I believe that when if we add up all the figures they would be enormous. We would be dealing in terms of hundreds of millions of dollars, and not in terms of the figures quoted with respect to the countries I have named.

In addition, I think it is very important to have on record the work of the Subcommittee on Technical Assistance Programs of the Committee on Foreign Relations, issued on July 12, 1956. I should like to quote one portion of that report as a part of my remarks:

An incomplete compilation by the Department of Commerce of Soviet credits to non-Soviet bloc countries shows specific items totaling \$436,600,000. These are, of course, economic development loans, and are therefore very much broader than technical assistance in its strict sense. Secretary of State Dulles has estimated Soviet economic and technical assistance projects to free countries at approximately \$600 million. Unconfirmed reports of additional offers would push the total beyond \$1 billion.

In addition to the absolute figures, in addition to the contributions which the Soviet Union makes to its own satellites, there is the fact that we are trying to fight this struggle in such a way as to keep the free peoples on the side of freedom, and in such a way as to fortify their well-being, in terms of the weapon with which we can fight best—not coercion and subversion like the communists, but economic attraction.

This represents our long suit, because our gross national product makes it possible for us to fight with this weapon. If we are to apply Soviet standards and techniques to ourselves, we must also add to our armory the weapons of coercion and subversion, which we reject absolutely.

The answer is that the Soviet Union has a gross national product in the neighborhood of \$125 billion to \$150 billion, and the United States has a gross national product in excess of \$400 billion. In other words, we propose to fight the battle—and we are absolutely right in doing so—with the weapon which is best for us, and not the weapon which is best for our declared ideological enemy.

Another argument which is made is that this operation of foreign aid is inefficient, that it is not properly conducted. I think we come back to an age-old discussion on that subject. It is not necessary to go into the details of each particular claim which is made, as to what has been done and what has not been done, and whether what has been done will continue to be done.

I think we come back to an age-old question, which is, shall we cease an activity because it is not conducted exactly to suit us, or shall we try to put it in shape and not eliminate it? I am definitely of the latter school, which say that our obligation and duty, when the program contributes so much to the security of our country, is to try to put it in shape instead of cutting it out.

Upon Secretary Dulles' last appearance before the Committee on Foreign Relations, he was complimented by the great majority of its members in respect to his plans and programs, and what was being proposed to the Congress in this bill. This was done in the very finest bipartisan spirit one could possibly imagine.

There are two further points which I think are very important. First, it is stated that what we ought to do is concentrate our attention upon private overseas investments, and that these would represent an alternative to our foreign aid program.

I had the opportunity, as the chairman of the Subcommittee on Foreign Economic Policy in the other body, during my last term in the House, actually to go into these questions in specific detail with business leaders.

I found this to be the fact: The thesis that we could substitute overseas private investments for the foreign assistance program is not borne out by those who are themselves engaged in foreign overseas private investment. No one has been more devoted to the principle of foreign overseas private investment than I have, and in the other body I worked very hard on that program. I shall be here tomorrow with an amendment which I feel would improve and make more useful the guaranty program for overseas private investment.

However, as a practical matter, those who are doing the investing believe that if we cut off Government foreign economic or technical assistance, we shall be hurting, and not helping the program of overseas private investment, for these reasons:

In such matters as public health, Government administration, the work of private voluntary, nonprofit agencies, the development of roads and similar public works, governmental assistance on our part will continue to be necessary.

Second, business itself, which is being called upon to invest, in a private sense, overseas, feels it necessary to have the comfort that its own activities are being supported by the fact that the Government is giving some aid side by side with it in these very same countries. So I do not believe the argument that we can completely displace our foreign-assistance program—at this time, at any rate—by overseas private investment. This is the judgment of the very people

who are themselves engaged in overseas private investment.

I do not think my presentation would be complete without some consideration of the alternative to the foreign assistance idea. We are all very deeply concerned with alternatives. We have been thinking very hard as to what alternatives there are.

I believe that what the opponents of the entire foreign-aid program offer is essentially negative in its aspects. Their philosophy is to strike down what we have, but they do not give us any feasible alternative, under present conditions in the world.

I think the feasible alternatives must actually develop through the very programs we are pursuing. If we are to be successful in establishing a decent level of well-being for our allies, they will themselves be able to maintain their military establishments. This may take time, but it certainly would not be using that time to advantage to strike down what we are now doing, in a constructive sense, toward that very aim.

Second, I believe that we can make great progress, in terms of overseas private investment, with the kind of support we propose to give in the development loan fund. One of the things that interests me very much about the development loan fund is that it is susceptible to joint ventures with private business. Personally I feel that the great areas in which foreign economic assistance can be tremendously important are, first, the presence of United States business as a vital factor in foreign aid, and its very much closer coordination with government. In that respect there have been some suggestions for accelerated amortization of overseas investments, and for tax reforms extending to all the investments made overseas, the same treatment which is given to Western Hemisphere corporations, which by law have a 14-point reduction in their income tax. Also it is felt that there should be a greater coordination of effort between American business and the State Department, so that the implications to our foreign policy of overseas private investment will be clearly understood when investments are contemplated in particular countries.

I might add, too, something to which I am very deeply devoted, and that is a much greater person-to-person exchange and placement program in terms of students and Americans working abroad.

Mr. President, to sum up, I believe that in the first instance there is a great opportunity for alternatives, but alternatives only in the sense that they will look toward pursuing and developing and improving the objectives along the lines set forth in the pending bill.

Second—and I say this with all respect and fundamental regard for the deep sincerity and conviction of the men who utter the arguments—the arguments that are made against the program have been made now continuously over a long period of time, and time, apparently, has not proved them, because we continue as we have right up

to now, and undoubtedly will this year with this kind of program.

Lastly, Mr. President, the proponents are learning. I believe that is illustrated by the change in the program this year. I feel, too, that we are becoming more, rather than less, convinced—and I believe the Gallup poll and any other opinion poll bears this out—that the foreign assistance program, within the reasonable compass which it occupies now, is not bleeding us white and is not a giveaway, but is a fundamental and essential element in the security of the United States, and should be continued with honesty and dignity with that purpose in mind.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. O'MAHONEY. The Senator from New York has referred to the development loan fund. I should like to call his attention to a sentence on page 31 of the bill, beginning in line 1, reading as follows:

The Administrator of the fund shall furnish—

I do not see any language in the bill providing for the appointment of the administrator or providing any qualifications that such an administrator shall have. I am reading from page 31, line 1. He is given tremendous powers. He is required to make a report "on each financing operation or transaction involving more than \$10 million of the fund's assets. In other words, anything less than \$10 million he can handle himself. However, \$10 million, to use the vernacular, 'ain't hay."

Then I read the final sentence in that paragraph:

Such report shall be made at the time such financing operation or transaction is consummated.

Therefore, under the language of the bill, the loan fund is created and is to be under an administrator whose qualifications are not set forth and whose appointment is not provided for in the bill. The administrator can make a loan of \$9,999,999, as he pleases, without making any report to Congress. Furthermore, with respect to the reports which he does make, they are to be made at the time the financing operation or transaction is consummated.

I ask the Senator, would he not agree with me, and would he not join me in sponsoring an amendment on line 7, page 31, to insert the word "before" at the end of that line?

In that way, the horse will not be out of the stable before Congress knows about it. Would the Senator join me in offering such an amendment?

Mr. JAVITS. I would like to answer the Senator, if I could. The Senator from New York will read thoroughly every phase of the bill, although I have already read the whole bill. In the meantime, I should like to answer the question substantively, because I would not want to answer the question directly now, while I am on my feet. As I understand—and I am drawing upon my reading of the bill, and without finding now the specific point in the bill that is in

question—would be the head of the ICA. All appropriations under the bill are directed to the President of the United States. He actually receives the appropriations. That is the traditional practice.

Secondly, there are other provisions in the bill—again I cannot find them while standing on my feet—which give certain checks and balances and requirements for the reports to the respective committees of the House and the Senate, so far as all operations of the ICA are concerned.

I believe that those checks and balances are adequate to keep Congress on top of the situation.

As to a report prior to the making of any of these transactions involving more than \$10 million, I should like to say that I would want to see the other side of that coin. In other words, what is the objection to calling for a report before operations involving \$10 million? If it is not covered in the questions and answers, I shall look for it specifically.

Mr. O'MAHONEY. May I say to the Senator that I am reading this bill for the first time, just as he acknowledges he has read it for the first time?

Mr. JAVITS. I did not say that.

Mr. O'MAHONEY. The Senator said that he would read the whole bill. I assumed from that that he had not read the whole bill.

Mr. JAVITS. I am sorry if I gave that impression to the Senator. It is not correct. I have read the bill. I have read the report. I said I could not find at this particular minute, standing on my feet on the floor, the section that is involved. I was drawing upon my general knowledge from a reading of the whole bill.

Mr. O'MAHONEY. Having read the next section—in all fairness I must confess this—I find the last sentence of section 205:

No officer shall be designated to be the administrator of the fund except by appointment by the President by and with the advice and consent of the Senate.

I have been reading the bill while the Senator has been speaking. Of course, that is a concession to the criticism I have been making, although I still see no provision in the bill stating what the qualifications shall be.

However, I find on page 32, in section 204 (b), this rather interesting sentence. It begins in line 20 of page 32, and reads:

The amount of such obligations—

These are the obligations against the fund which the President is authorized to incur—

may not exceed the limitations specified in section 203 (a) of this act except that, to the extent that assets of the fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations.

That, it seems to me, is a very significant sentence, an explanation of which should be made by the proponents of the bill. Why, or under what circumstances, and for what reason need there be any provision in the bill that obligations may be incurred beyond the limitations which the bill itself seeks to provide? I shall

not interrupt the Senator further with any interrogation this afternoon. I am grateful for his readiness to answer my inquiries.

Mr. JAVITS. I thank the Senator.

Mr. O'MAHONEY. Mr. President, I should like to have printed and to lie on the table until called up, an amendment on page 31, line 8, to strike out the word "the" and insert in lieu thereof the word "a," and to add at the end of line 7 the word "before," so as to make that sentence read:

Such report shall be made at a time before such financing operation or transaction is consummated.

I ask that the amendment may lie on the desk, so that the Senator from New York may have an opportunity to become a cosponsor of it.

Mr. JAVITS. I thank the Senator from Wyoming. I pointed out that the development loan fund is a revolving fund. In short, as I understand, the money is to be loaned, and when repayments are made, they will add to the assets in the fund.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. JAVITS. The clue to the question asked by the Senator may be found in that provision.

By way of conclusion, I point out that tomorrow I shall offer two amendments, which are lying at the desk. One is an endeavor to make further progress in the field of international travel, where considerable progress has already been made, but in which we can and ought to do a good deal more. This is the cheapest and most happy kind of foreign aid.

My amendment proposes that we shall look into existing barriers to international travel, which I understand consist largely of the matter of hotel accommodations and housing in Europe and in other areas of the world.

The second amendment proposes that in the matter of private investment, the Government shall guarantee against the contingencies of revolution and internal insurrection, a subject which has been much mooted between the two Houses for some years, and which I hope can be resolved this year.

SP3C. WILLIAM S. GIRARD

Mr. STENNIS. Mr. President, like many other members of the Senate, I am seriously concerned with the case of Sp3c. William S. Girard.

This young soldier was involved in the death of a Japanese woman in a maneuver area of Japan. The Department of Defense has agreed that he will be tried in a Japanese court.

On the facts now available to me, I believe that the handling of this case is subject to serious criticism.

The terms of the agreement under which jurisdiction was transferred specifically provide that the United States shall retain jurisdiction over its personnel in offenses arising out of any act or omission done in performance of official duty.

In order for jurisdiction to be conferred on the Japanese court there had to be a concession on the part of the United States that the shooting was not an ac-

tion done in the performance of official duty.

From the facts which are available to me, I do not believe this conclusion was correct. As Senators know and will remember, there is a most difficult and technical line of cases, both in the common law of agency and, more recently, in the interpretation of Workmen's Compensation Statutes in the United States, involving issues presented by factual situations which shade this complicated legal question.

It appears to me that this question turns on the three following points:

First, so far as the time is concerned, the soldier certainly was on duty.

Second, he was at his post of duty as a uniformed member of the Armed Forces, guarding the machine gun and other materiel in the maneuver area.

Third, the action taken by the soldier—and it must be remembered that he was an armed guard at the time the incident occurred—would appear to be within the line of duty.

When these three conditions are met, a decision to the effect that the action was not taken in connection with the performance of his official duty is to prejudice a very vital issue involving fundamental individual rights.

I do not at this time propose to criticize the point of view of the Japanese representative for the position taken by his Government, and, of course, the question of the guilt or innocence of the soldier is not to be tried here. The rights which he has, as an accused person, under our Constitution and under our treaty arrangements are of vital concern here. The manner in which this case was handled is a matter of the utmost importance to all of us. I think the determination at this stage that his action was not an act done in the performance of official duty was wrong.

As a second point of criticism, I point out that in the terms of the agreement controlling this incident, a method was provided for reconciling differences between representatives of the Japanese Government and the United States through the usual diplomatic channels.

This course was not followed, and the concession of jurisdiction at this first level of deliberation by the United States on the instructions received from Washington would seem to imply that this soldier's rights under the agreement providing for the transfer of jurisdiction of his case were not scrupulously observed by his own Government.

I commend the senior Senator from North Carolina [Mr. ERVIN] for his prompt consideration of the issues involved in this case as chairman of the Senate Armed Services Subcommittee on Status of Forces Agreements. His deep interest in the rights of Americans is well known to us all, and is not limited to his activities in the Girard case.

It is reassuring to me to know that he has this matter under consideration and has already developed the best public record available, as contained in the hearings held by his subcommittee on June 5, 1957.

The distinguished junior Senator from Vermont [Mr. FLANDERS] is the other member of that subcommittee which has

done this splendid work, and he is entitled to great credit, along with the chairman.

In conclusion, I point out that, in my opinion, grievous errors have already been made in the fundamentals in this case, and a most serious doubt is raised in my mind as to whether the rights of other young soldiers can be adequately protected under such an unfortunate precedent as has been established in this tragic affair.

Mr. GORE. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. GORE. I am grateful for the statement made by the able junior Senator from Mississippi, who came to the Senate after making a distinguished record as a presiding judge.

I may say to the able Senator that I supported the Status of Forces Treaty. I did so believing that it was basically sound and that it gave proper recognition to the sovereignty which any self-respecting people would require. I did so on the presumption, however, that the terms of the treaty would be complied with, and that the administration of the agreement would be in good faith and would not be complicated by temporary requirements of international politics.

I think the blunder which has been made in the case to which the Senator calls attention casts reflection upon a treaty which I still regard as basically sound, and raises questions as to the propriety of the votes which we who supported the treaty cast.

Therefore, I am grateful for the statement made by the able Senator from Mississippi. I concur fully in the excellent address he has made.

Mr. STENNIS. I thank the Senator from Tennessee very much, indeed. I am encouraged greatly to know that he agrees with the points raised by me in this grave and serious matter.

I have visited a great number of our military bases in other lands and have seen a large number of our young men who are stationed there. I have traveled more than once on ships with thousands of them. Those experiences bring home very vividly the obligation which we have to those men, and the obligations which we have, too, to the countries where they are stationed.

But it has made me more conscious of our obligation in passing upon these matters; and, with the Senator from Tennessee, I accepted an arrangement which has all the elements of fairness and balance. I accepted it in good faith, and supported it.

To see that treaty applied now in a case like this, on the facts which are available to us, in such a way as to deny, in my humble opinion, fundamental and elemental concepts of justice and rights under our law as reflected in the Constitution and in the agreements, and for the case to be so casually decided without judicial determination or further development of the facts, makes me skeptical of exactly where we stand with reference to the treaties, and just where our young men stand when they leave our shoreline.

article entitled "Spiraling Money Costs: An Appraisal of Role of Prime Rate and the Source of the Next Increase." The article was written by Albert L. Kraus, and I ask unanimous consent to have it printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SPIRALING MONEY COSTS: AN APPRAISAL OF ROLE OF PRIME RATE AND THE SOURCE OF THE NEXT INCREASE

(By Albert L. Kraus)

Who will make the next move to increase interest rates? That is the question being asked by bankers and securities dealers who have watched some short-term money rates advance to quarter-century highs in the last week.

The Government bill rate, in a sharp rise set off by the Treasury's borrowing of \$1,500,000,000 additional in tax anticipation notes, hit a 3.374 percent average. Commercial paper of 4 to 6 months' maturity moved up one-eighth of 1 percentage point to 3¼ percent. And bankers acceptances advanced a like amount to 3½ percent for their longest maturity.

The prime rate—the minimum rate on bank loans to top business borrowers—remained, however, at 4 percent. And the discount rate—the rate paid by banks to borrow funds from the Federal Reserve—held at 3 percent. Both rates have held at these levels since last August.

A PASSIVE INSTRUMENT

Ordinarily all short-term rates range around the discount rate. But, although the discount rate has been used to signal changes in credit policy, in recent months it has been used as a passive instrument of credit policy. Changes in the discount rate have tended to follow rather than lead changes in short-term rates.

In a tight money market like the present one, the discount rate has been termed an anchor for the other short-term rates.

At the moment, it appears that what the bankers do about the prime rate holds the key to the pattern of short-term rates in the near future.

Bankers concede that the pressures for increasing the rate on loans to the biggest business borrowers have been strong and continuing that way. Business loans remain at record levels, despite some tapering off in the increase.

At the same time, the bankers observe that they have done about all they can to improve effective rates—the actual return on their money—by urging customers to increase compensating balances and by increasing rates for businesses with other than top credit ratings. The next step, they say, would be a change in the stated rate to the biggest borrowers.

GENERAL FACTORS

Whether this will occur depends on short-term factors and on long-term estimates of business borrowing. It depends also on some noneconomic factors.

The biggest short-term influence is the impending June 15 tax borrowing by corporations. If corporations come to the banks for large additional funds, a move to a higher prime rate now might prove timely.

But the banks were disappointed in March when tax borrowings failed to equal the expected level. And some feel that June borrowings won't prove any greater.

One factor affecting the bill rate, they observe, is the fact that corporations are not investing their balances in bills—or any other short-term obligations—despite the impending tax payments.

Related to the tax payments are the Treasury's cash needs. A rise in interest rates

now might add to the Treasury's borrowing problems.

BUSINESS OUTLOOK A FACTOR

Long-term considerations hinge on the future of business. Unless the demand for loans falls off—a situation few bankers think likely—they feel a rise in the prime rate is inevitable.

One question is who will bell the cat? In the latest move to a higher rate, New York banks permitted a bank in Boston to take the first step.

It has been suggested this time that a bank in Chicago, Cleveland or Pittsburgh might take the initial step.

One reason offered is that some out-of-town banks have operated more heavily in loans of 2 to 5 years' maturity, so-called term loans. These have been borrowings by large corporations usually in anticipation of permanent financing.

But because of the extreme tightness in the long-term markets, the banks and their customers have seen some of these loans extended beyond the terms either had expected.

Mr. GORE. Mr. President, I should like to read several sentences from the article, as follows:

Who will make the next move to increase interest rates? That is the question being asked by bankers and securities dealers who have watched some short-term money rates advance to quarter-century highs in the last week.

I read further from the article:

One question is, who will bell the cat? In the latest move to a higher rate, New York banks permitted—

And I emphasize the word "permitted"—

a bank in Boston to take the first step.

It has been suggested this time that a bank in Chicago, Cleveland, or Pittsburgh might take the initial step.

Mr. President, I hope my colleagues will read this article. The writer clearly recognizes the situation facing us today—namely, the monopolistic control being exercised over money policies of the United States by the very forces and interests who benefit most from these higher interest rates.

Again, Mr. President, I warn the Senate that unless the representatives of the people bring about a rectification of these fallacious policies, counties, cities, all our States, and all the people of America who must borrow, and who already are being seriously injured, will be still further harmed by this policy.

MUTUAL SECURITY ACT OF 1957

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. O'MAHONEY. Mr. President, I am very grateful that I yielded to the Senator from Tennessee. I think there could be no better introduction for what I have to say and for the amendment I intend to offer tomorrow than the facts he has pointed out with respect to the fiscal status of the United States Treasury.

Week by week and month by month, the Government of the United States is finding it more difficult to borrow money in order to carry on the activities the Government wishes to undertake, as re-

quested by the President of the United States. Only a week or so ago, the Treasury was confronted with the necessity of refinancing \$3 billion or \$4 billion of obligations which had fallen due. In exchange for the outstanding obligations, the Treasury offered new obligations, with a higher interest rate. The holder of the maturing obligations, having a face value of approximately \$1,500,000,000, refused to accept the new paper, and demanded cash—cash on the barrelhead.

Mr. GORE. Mr. President, will the Senator from Wyoming yield to me?

Mr. O'MAHONEY. I yield.

Mr. GORE. I should like to point out that the particular issue to which the Senator from Wyoming refers as maturing was an issue of the present administration, sold only about 3 years ago, at an interest rate of 1½ percent. The bonds which the Treasury offered as a substitute for the maturing 1½ percent bonds bore an interest rate of 3½ percent. But, as the Senator has said, those who are manipulating the money market of the Nation and the credit of the United States Government, to their great benefit, refused to accept them. This was a clear warning that they would demand still higher interest rates; and the prime rate had increased another one-eighth of 1 percent just last week. A moment ago I read from an article written by a distinguished financial reporter, who pictures a few bankers in New York as trying to decide which banks they will permit to take the next step for a still higher interest rate.

DEVELOPMENT LOAN FUND

Mr. O'MAHONEY. Will the Senator be good enough to turn to the pending bill, S. 2130, to amend the Mutual Security Act of 1954, which is the pending business before the Senate at this moment? I call his attention to page 32 of the bill. The language I wish to quote to him is a part of section 203 dealing with the capitalization of this newly created development loan fund. We are dealing here with a loan fund which for 2 years will amount to \$1,500,000,000. This is the precise fund which would be stricken from the bill by the amendment which the Senator from Oregon [Mr. MORSE] just announced he would offer tomorrow. But let us read this sentence:

For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act, as now in force or as hereafter amended, and the purpose for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose.

Here is a precise declaration by the bill that the borrowing power of the United States, under the Second Liberty Bond Act, shall be extended in order to enable the administrator of the fund to make loans for the purposes set forth in the loan fund provision. It is a revolving fund. As the Senator has pointed out, every single security of the Treasury now on the market is selling below par, with the possible exception of two, the interest of which is exempted from Federal taxation.

Mr. GORE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GORE. Does the Senator realize the enormous harm to a great number of people which has resulted from the wiping out of billions of dollars of equity as a result of bonds of the United States Government being driven further and further below par?

Mr. O'MAHONEY. There is no doubt about that. The title of the pending bill, as reported by the Foreign Relations Committee, is "A bill to amend further the Mutual Security Act of 1954, as amended, and for other purposes." That title ought to be amended so as to read, "to amend further the Mutual Security Act of 1954, as amended, and for other purposes, including the amendment of the Second Liberty Bond Act to expand the authority therein granted to cover the establishment of a revolving loan system."

It is beyond expression what the Congress is being asked to do in this bill.

I rose for the purpose of reading into the RECORD the text of an amendment which, on behalf of myself and certain of my colleagues, I propose to offer at the appropriate time. Before reading the text of the amendment, I wish to ask unanimous consent that there may be printed in the RECORD at this point a tabular statement contained in the New York Times of Thursday, June 13, 1957—that is today—of the current market price of United States Government and agency bonds. This table, particularly with reference to the bonds of the United States shows exactly what the Senator from Tennessee has said with respect to the market price of these bonds being so far below par.

Mr. President, I ask unanimous consent that the table may be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

United States Government and agency bonds

Treasury	3:30 p. m.		Change in bid
	Bid	Asked	
2½s 1958 March.....	99.12	99.14	—0.1
2½s 1959–58 September.....	96.30	97.1	—2
2½s 1959–1958 March.....	97.28	98.0	—2.2
2½s 1958 June.....	98.29	98.31	—1
2½s 1963–1958 June.....	100.0	100.4	—
2½s 1958 December.....	98.15	98.17	—1
2½s 1962–1959 June.....	93.16	93.20	—2
2½s 1962–1959 December.....	93.10	93.14	—2
2½s 1960 November.....	95.10	95.14	—2
2½s 1965–1960 December ¹	100.0	100.8	—
2½s 1961 September.....	96.8	96.12	—4
2½s 1961 November.....	95.2	95.6	—2
2½s 1967–1962 June.....	90.0	90.4	—8
2½s 1963 August.....	93.16	93.20	—4
2½s 1968–1963 December.....	88.26	88.30	—10
2½s 1969–1964 June.....	88.8	88.12	—10
2½s 1969–1964 December.....	88.4	88.8	—12
2½s 1970–1965 March.....	88.2	88.6	—10
2½s 1971–1966 March.....	88.0	88.4	—8
2½s 1972–1967 June.....	88.2	88.6	—8
2½s 1972–1967 September.....	87.16	87.20	—10
2½s 1972–1967 December.....	88.0	88.4	—8
3½s 1983–1978 June.....	95.16	95.24	—12
3s 1995 February.....	90.4	90.12	—18

¹ Exempt from normal income tax. Figures after a period represent 32ds of a point.

United States Government and agency bonds—Continued

TREASURY BILLS		Percent	Percent
5–60 December—63.....		4.00	-----
1,603 June 20.....		3.10	2.85
3,351 June 24.....		3.15	3.00
1,600 June 27.....		3.05	2.90
1,603 July 5.....		3.15	3.03
1,600 July 13.....		3.15	3.03
1,600 July 25.....		3.18	3.06
1,701 Aug. 1.....		3.25	3.16
1,700 Aug. 8.....		3.25	3.16
1,700 Aug. 15.....		3.26	3.18
1,800 Aug. 22.....		3.28	3.22
1,800 Aug. 29.....		3.28	3.22
1,800 Sept. 5.....		3.28	3.20
1,800 Sept. 12.....		3.28	3.24
1,500 Sept. 23.....		3.29	3.25

FEDERAL NATIONAL MORTGAGE ASSOCIATION				
	Rate	Bid	Asked	Yield
100 August 1957.....	3.90	99.31	100.2	3.49
200 September 1957.....	4½	100.0	100.4	3.61
570 January 1958.....	2½	99.0	99.8	3.75
250 February 1958.....	4.0	99.29	99.31	4.01
200 March 1958.....	4.10	99.30	100.1	4.03
200 April 1958.....	4.05	99.28	99.31	4.08

TREASURY NOTES				
Outstanding (millions)	Rate	Bid	Asked	Yield
12,056 August 1957.....	2¾	99.28	99.30	3.20
3,792 August 1957.....	2	99.24	99.26	3.06
824 October 1957.....	1½	99.12	99.18	2.97
382 April 1958.....	1½	98.20	98.26	3.02
4,391 June 1958.....	2½	99.9	99.11	3.54
121 October 1958.....	1½	97.20	97.28	3.19
5,102 February 1959.....	1½	97.7	97.9	3.56
118 April 1959.....	1½	96.16	96.24	3.38
99 October 1959.....	1½	95.70	95.24	3.35
188 April 1960.....	1½	94.18	94.26	3.46
2,406 May 1960.....	3½	99.20	99.22	3.51
277 October 1960.....	1½	93.16	93.24	3.46
144 April 1961.....	1½	92.8	92.16	3.61
332 October 1961.....	1½	91.4	91.12	3.67
647 February 1962.....	3½	99.28	99.30	3.68
6 April 1962.....	1½	90.0	90.8	3.63
Certificates of indebtedness:				
1,312 June 1957.....	3¼	99.31	101.1	2.33
7,271 October 1957.....	3¼	99.31	100.1	3.12
10,850 February 1957.....	3½	99.28	99.30	3.47
2,351 April 1958.....	3½	99.31	100.1	3.46

FEDERAL LAND BANK BONDS				
Outstanding (millions)	Rate	Bid	Asked	Yield
135.0 July 1957.....	3¾	99.30	100.2	3.02
214.9 October 1957.....	1¾	99.8	99.16	3.38
140.0 February 1958.....	3¾	99.28	100.0	3.86
131.1 May 1958.....	2¾	98.28	99.4	3.77
78.0 May 1958.....	3¾	99.28	100.0	3.88
184.1 November 1958.....	2¼	97.22	98.0	3.73
71.0 May 1959.....	2¼	96.24	97.2	3.88
124.0 February 1960.....	2¼	95.14	95.24	3.95
106.5 June 1960.....	2½	95.20	95.30	3.95
125.0 May 1962.....	4	99.26	100.0	3.99
60.3 May 1971.....	3½	95.0	96.0	3.88
72.0 February 1972–67.....	4½	99.16	100.16	4.05
110.0 September 1972.....	3½	98.8	99.8	3.97

INTERNATIONAL BANK BONDS			
	Bid	Asked	
2½s, Sept. 15, 1959.....	96.0	97.0	
3s, July 15, 1972.....	86.0	87.0	
3s, Mar. 1, 1976.....	83.16	85.0	
3s, Mar. 1, 1976.....	83.16	83.0	
3½s, Oct. 1, 1981.....	81.0	83.0	
3½s, May 15, 1975.....	88.0	89.0	
3½s, Oct. 1, 1958.....	99.0	100.0	
3½s, Jan. 1, 1969.....	94.0	95.0	
3½s, Oct. 15, 1971.....	93.0	94.0	
4½s, Jan. 1, 1977.....	100.0	100.24	
4½s, May 1, 1978.....	96.24	97.8	

The following quotation for the IB serial issues represents the highest and lowest yields for all maturities:

2s, 1958–62.....4.00 3.15

Mr. GORE. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. Yes.

Mr. GORE. I am advised that there are a number of small financial institutions which might well be insolvent today if forced to liquidate their holdings of Government bonds at their current market value. Some institutions might well be insolvent today if the bank examiner listed their holding of Government bonds at the market value rather than arbitrarily, as is the practice, allowing them to be listed at par. Does not the Senator think there is something basically wrong and morally wrong when an institution can go broke buying bonds of the United States Government?

Mr. O'MAHONEY. I think the Senator is quite correct. I point out, however, that under the pending bill, authority is granted to the administrator of the revolving fund to make loans up to \$10 million each, without limit, under his own discretion. He is required to make a report on all loans over \$10 million after they have been consummated, not before.

I shall offer an amendment to require that the report be made before loans over \$10 million are consummated, but there are thousands of banks in the United States in small communities and in large communities, the capital stock of which is not as much as the "ad lib" loans the administrator of this fund may make throughout the world, without the advance knowledge of Congress. It would be unbelievable in any era except this era that such a proposal could be made with a straight face by the President of the United States.

Mr. GORE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GORE. Would the Senator say that under this provision ad lib loans could be made with ad hoc procedure?

Mr. O'MAHONEY. The Senator is quite correct. I will adopt his language.

DISCLOSURE AMENDMENT

Mr. President, I wish to read into the RECORD today the amendment which I shall offer during the consideration of amendments on the bill when the time comes. This amendment is printed. It is numbered "6–11–57–A." It is intended to be offered on behalf of myself, the Senator from Arkansas [Mr. McCLELLAN], the Senator from South Dakota [Mr. MUNDT], the Senator from Oregon [Mr. MORSE], and the Senator from Georgia [Mr. TALMADGE]. It proposes, on page 47, line 23, before the period, to insert a semicolon and the following:

And at the end thereof insert the following: "The Secretary of State shall keep the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Appropriations of the Senate and House of Representatives fully and currently

informed with respect to all activities of the Department of State or any agency thereof under this act. The Secretary of Defense shall keep such committees and the Committees on Armed Services of the Senate and House of Representatives fully and currently informed with respect to all activities of the Department of Defense under this act. Any Government agency shall furnish any information requested by any such committee with respect to the activities and responsibilities of that agency under this act and it shall be the duty of any officer or employee of the Government having information relating to programs being administered under this act to furnish promptly to such committee or committees, upon request by any such committees, full information with respect to such activities and responsibilities."

The purpose of this amendment, Mr. President, is to preserve the coordinate branch of the Government known as the Congress of the United States. This is the body without whose action in an appropriation bill no money may be drawn from the Treasury of the United States, yet the pending bill by devious language provides for the expenditure of funds belonging to the people of the United States by those whom the President may select. They will be officers and employees of the Government, most of whom have never faced the committee, most of whom are anonymous so far as the Congress is concerned, few of whom have received appointments subject to confirmation by the Senate; yet under the provisions of the bill they will have the power and the authority to go throughout the length and breadth of the whole world disbursing the funds taken from the Treasury of the United States.

There are no safeguards—or few safeguards—in this measure to preserve the knowledge of the people as to the manner in which these expenditures may be made.

Nobody can understand the meaning of a provision of law without reading it. That became clear to me this afternoon when the junior Senator from New York [Mr. JAVITS] rose to speak upon this bill. At the time he was speaking I happened to be reading of the creation in this bill of the new development loan fund. This is an organization which does not now exist. Almost line by line I was amazed by what I found in the proposed measure.

Section 202 is entitled "General Authority." The first portion of the section is designated paragraph (a), and reads as follows:

There is hereby established a fund to be known as the development loan fund (hereinafter referred to in this title as "the fund") to be used by the President to finance activities carried out pursuant to authority contained in this title.

NEW EXPENDITURE PROCESS

This is a clear, unmistakable, unchallengeable declaration by Congress, if it becomes law, creating a new way of expending the funds of the people of the United States. This is not a modification of a plan already existing. True, there was development assistance in the past, but that was much more limited than this. This becomes a revolving

fund, as the Senator from New York [Mr. JAVITS] so clearly stated in the closing of his speech. Because it is a revolving fund, then whatever money is paid back to the fund from a previous loan becomes available for reuse without reference to the Congress.

Paragraph (b) reads in part as follows:

To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons, or other entities, and on such terms and conditions as he may determine.

Here, also, Mr. President, the authorization is made to the President. No member of the Committee on Foreign Relations supposes for a minute that the President is going to supervise these operations. They will be carried on by persons to whom his power will be delegated. There is not sufficient time in the days, weeks, months, or years during which this revolving fund will exist for the President of the United States to take time out from his presidential duties, imposed by the Constitution, to enter into this banking business. It has to be conducted by persons who are selected for that purpose. But observe that the grant of authority is so broad that the loan credits or guaranties which are made in the name of the President of the United States are "on such terms and conditions as he may determine." The Congress does not determine them. It would be an easy matter for the Congress to legislate now what the terms and conditions may be, but we are not willing to take that trouble. We give that authority away to the President, who, in turn, will give it away to someone else, and we, as Members of the Senate and Members of the House, will be in no position to report to our constituents how the money is to be expended.

The only instruction given to the President in this grant of authority to make such terms and conditions is contained in the following language:

Taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title.

It is only necessary to read that language to see that it is wholly within the discretion of the President, or those who administer the fund for him, to determine whether the financing could be obtained in whole or in part from other free-world sources, on reasonable terms.

It seems to me that it is much more important for us, as Members of the Senate, to be checking into whether or not the Treasury of the United States may be able to borrow the funds which will be necessary for this purpose, on reasonable terms from the banks, which, as the Senator from Tennessee showed a

few minutes ago, hold such a dominant position in our fiscal economy.

AMAZING PROVISIONS

This title of the bill, on page after page, contains amazing provisions. I have cited some of them already in the colloquy with the Senator from Tennessee. The language on page 32, in section 204 (b) is worth a little attention. Let me read it:

The President is authorized to incur—

Again the authority goes to the President—

in accordance with the provisions of this title, obligations against the fund in amounts which may not at any time exceed the assets of the fund.

This is important—

in amounts which may not at any time exceed the assets of the fund.

The amount of such obligations also may not exceed the limitations specified in section 203 (a) of this act—

I shall read those limitations in a moment—

except that, to the extent that assets of the fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations.

[Laughter.]

I do not know whether the response of the Senator from Minnesota [Mr. HUMPHREY] was to my reading of the provision of the bill, or whether it was in response to some witticism uttered by the Senator from Oregon [Mr. MORSE].

Mr. HUMPHREY. Let me say respectfully that it was both.

Mr. MORSE. Will the Senator permit me to apologize?

Mr. O'MAHONEY. Let me read the language again.

Mr. MORSE. I should like to hear it.

Mr. O'MAHONEY. This is a sentence taken from section 204 (b):

The amount of such obligations—

Of course, Senators know what "obligations" means—

also may not exceed the limitations specified in section 203 (a) of this act except that, to the extent that assets of the fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations.

That, I think, is worthy of an outburst by any Senator. Now that the Senator from Oregon has calmed down, he merely nods in the affirmative.

Let us see what the limitations in section 203 (a) are:

SEC. 203. Capitalization: (a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the fund, not to exceed \$500 million. In addition, unless disapproved in the appropriation act appropriating funds pursuant to the authorization contained in the preceding sentence, the Secretary of the Treasury is authorized and directed to make, beginning in the fiscal year 1959, loans to the fund in amounts needed to cover obligations incurred against the fund. Except as provided in section 204 (b) of this act, the maximum amount of obligations incurred against the fund during the fiscal year 1958 shall be \$500 million, during the fiscal year 1959 shall be \$750 million, and during the period beginning in the fiscal year 1960 shall

be \$750 million; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

These are the limitations which, under section 204 (b), may, under certain circumstances, not apply to obligations made under the authority of the President.

If I understand correctly the amendment which the Senator from Oregon stated on the floor this afternoon, and which he intends to propose, it would have the effect of eliminating the provision with respect to the funds available for the fiscal years 1959 and 1960 by loans from the Treasury.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MORSE. That is exactly the effect of the amendment. I discussed it at some length in my speech this morning, and I pointed out that the special committee which had studied the subject of mutual security for about 11 months, in its report discusses the question. Its suggestion was that the amount for the next year be included in the bill and that then the entire matter be reviewed thereafter and new authorizing legislation be provided with respect to future amounts.

I think that is a sound proposal, and I believe we ought to carry out the suggestion of the special committee by an amendment to the bill. That is why I have submitted my amendment.

Mr. O'MAHONEY. Let me say to the Senator from Oregon that I believe he is wise in taking advantage of the opportunity presented here. I read this sentence:

In addition, unless disapproved in the appropriation act appropriating funds.

Why wait for the appropriation act to disapprove it? Why not disapprove it now, while we have the opportunity of preventing such loans to be made or advances to be made by the Secretary of the Treasury out of funds which are so heavily obligated that the bond market will not pay the face value of the obligations of the Government? The Government cannot obtain at par the funds that are here proposed to be loaned. It must pay extraordinary rates of interest for them.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MORSE. It would be a great honor to me if the Senator from Wyoming would join me in my amendment. I would be highly honored if he would be a cosponsor of the amendment.

Mr. O'MAHONEY. I shall be very happy to be a cosponsor of the amendment.

Mr. MORSE. With that understanding, Mr. President, I should like to have the clerks at the desk instructed to include the name of the Senator from Wyoming [Mr. O'MAHONEY] as a cosponsor of my amendment.

Mr. O'MAHONEY. Now I am looking at page 33 of the bill, specifically with reference to section 204 (c):

(c) In the performance of and with respect to the functions, powers, and duties vested

in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

I repeat the last few words and call particular attention to them:

And no other audit shall be required.

NEED FOR AUDITS

Mr. President, it seems to me obvious that the appropriate committees of Congress—the Committee on Appropriations, the Committee on Foreign Relations, the Committee on Banking and Currency, and the Committee on Armed Services—should have the undoubted right, in their judgment, at any time, to call witnesses before it and to recommend, if necessary, audits ordered by the Congress.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. The bill provides that there shall be reports of all transactions and of all programing every 6 months. That is mandatory in the bill.

Mr. O'MAHONEY. I read from page 31:

Such report shall be made at the time such financing operation or transaction is consummated.

Mr. HUMPHREY. Yes; and also there shall be, every 6 months, a report.

Mr. O'MAHONEY. I have already indicated that I intend to offer an amendment tomorrow requiring that the report shall be made before, not after, consummation of the loan.

Mr. HUMPHREY. There was considerable discussion over that point in the committee. I had sympathy toward that objective myself. However, I do not believe it is right to leave the implication that the committees of Congress are denied the right to interrogate or inquire or look into these operations. At any time a committee of Congress asks ICA to come before it, they will come.

Mr. O'MAHONEY. That was not the experience which the Government Operations Committee had during the past year. I should like to call attention to the language on page 34 of the bill, which seems to indicate the necessity of making this authority of Congress absolutely binding without any quibbling, not as it is in the bill, which provides for reports after the consummation, and with the authority given to the Administrator to make a loan, at his discretion, in any amount under \$10 million.

I read from the beginning of the sentence, which is at page 33, at the bottom of the page:

In carrying out the purposes of this title, any officer or agency of the United States designated to exercise authorities provided for hereunder may, in addition to other powers and authorities provided to such officer or agency pursuant to this act or otherwise by law, and as the President may direct: enter into, perform, and modify contracts, leases, agreements, or other trans-

actions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as such officer or agency shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible, or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges, or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, such officer or agency, and as such officer or agency may determine, refer any such obligations or rights to the Attorney General for suit or collection—

Et cetera, et cetera, et cetera.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. After the Senator has laid down the smokescreen and has read all these legal terms, I would say that the Senator knows that section 201 (b) of the Mutual Security Act of 1954, as amended, the act under which we are now operating, and the authority under which the President is presently carrying out the obligations of the law permits the President to do as follows—

Mr. O'MAHONEY. Permits?

Mr. HUMPHREY. The language authorizes the President.

Mr. O'MAHONEY. The Senator said it permits.

Mr. HUMPHREY. It authorizes the President.

Mr. O'MAHONEY. Authorizes?

Mr. HUMPHREY. It authorizes the President to utilize—

Mr. O'MAHONEY. Does it make it the duty of the President?

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Does it make it the duty of the President?

Mr. HUMPHREY. The President has the duty to carry out this act.

Mr. O'MAHONEY. This is a discretionary act provision.

Mr. HUMPHREY. I should like to say most respectfully to the Senator from

Wyoming that he knows full well that the loan development fund is discretionary, because, first of all, it contemplates loans, not gifts. Under the existing law, the President is authorized to utilize funds, to disburse them, and to impose such terms and conditions, including the transfer of funds, as he may specify—period. This is not gobbledygook; it is plain, simple language, which provides that the President can give it away, with no requirements whatsoever. The difference is that it will be a loan fund as compared with a giveaway fund.

I am rather surprised that some of my colleagues, who have for years been asking that we lend this money on a businesslike basis, are now finding all kinds of little wrinkles in the paper to try to make it look as if it was not a good proposal.

Mr. O'MAHONEY. The Senator has broadened his argument. He is not directing that argument to me. The Senator from Minnesota is very skillful in avoiding the issue. The language which he read, and which I should like to read again, if the Senator will be good enough to hand the document to me—

Mr. HUMPHREY. I shall be delighted to do so.

Mr. O'MAHONEY. I thank the Senator very much. I must first find my glasses.

Mr. HUMPHREY. May I lend the Senator mine?

Mr. O'MAHONEY. I am sure they are too strong for me.

I observe that the Senator was reading from page 40 of the report.

Mr. HUMPHREY. I believe it was the language of the statute, which appears on page 40 of the report.

Mr. O'MAHONEY. Will the Senator explain to me the meaning of the black brackets which surround the language which he just read?

Mr. HUMPHREY. This is the language of the Mutual Security Act of 1954, as amended.

Mr. O'MAHONEY. Will the Senator look over my shoulder at the report?

Mr. HUMPHREY. Yes; I am delighted to do so.

Mr. O'MAHONEY. He will see section 201 (a) and (b).

Mr. HUMPHREY. They are to come out of the act, but they are the controlling language as of today. This is the language under which the President is operating today.

Mr. O'MAHONEY. The Senator is quite correct. When we pass the bill as the Senator recommends it, that language will be eliminated, and there will be substituted for it the language: "Declaration of purpose: The Congress of the United States recognizes," and so forth.

Mr. HUMPHREY. That is correct.

Mr. O'MAHONEY. So the Senator's argument falls by his own act.

Mr. HUMPHREY. I say most respectfully to my delightful friend from Wyoming that this is the year of our Lord 1957, and the language which the Senator from Wyoming is talking about is prophetic for the year of our Lord 1958.

Mr. O'MAHONEY. The bill is prophetic. That is what I am talking about. I am talking about a prophetic bill which

lays upon the people of the United States a requirement to produce, by taxation and suffering, funds beyond the present capacity of the Treasury to pay. The Government has been free from the limitation which the Senator so enthusiastically read only a moment ago. The Senator is one of the members of the Committee on Foreign Relations.

Mr. HUMPHREY. That is correct.

Mr. O'MAHONEY. He is an able member and a very vocal member, I may say.

Mr. HUMPHREY. Yes, sir; particularly, when truth is on my side.

Mr. O'MAHONEY. Whether it is or not, the Senator rates that position. His committee has recommended the repeal of the language of limitation.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Yes, indeed.

Mr. HUMPHREY. I say most respectfully to the Senator from Wyoming that the language which the junior Senator from Minnesota read is the language that now applies, the language that is now in effect. It is not a limitation. That language is as wide open as the universe. It provides that the President may use the money as he sees fit.

What I am pointing out to the Senator is that the language of 1958 does have limitations. It is much tighter language than the language at present. The language of 1958 will be language that requires the landing of funds, not the giving of funds.

Mr. O'MAHONEY. That, of course, is recognized.

Mr. HUMPHREY. The taxpayer will get the money back, instead of simply giving it away.

Mr. O'MAHONEY. I may say to my friend from Minnesota that I have never challenged the fact that we shall have now a loan instead of a grant; but I point out to the Senator that the language which I read from page 34, with respect to all of the powers given to the administrator of the loan fund, including the listing of every known physical evidence of debt, is just as broad as the language that was contained in what the Senator read.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. Is it not true that section 205, starting on page 33 of S. 2130, under the heading "Powers And Authorities," is the very language which applies to Government corporations that are engaged in loan activities or business enterprises?

FISCAL OBLIGATIONS

Mr. O'MAHONEY. It may be, but it is not enough when we are dealing with billions of dollars.

I read from page 1 of the appendix of the committee's report. The cumulative expenditures for these purposes—the purposes contained in the bill—up to June 30, 1956, amount to \$31,570,276,000.

Mr. HUMPHREY. The Senator—

Mr. O'MAHONEY. Pardon me.

The unliquidated obligations as of June 30, 1956, amounted to \$5,655,467,000. So that sum would be added to the \$31 billion.

The actual expenditures from July 1, 1956, through February 28, 1957, amounted, according to the Senator's committee report, to \$1,988,396,000. That sum, again, would be added to the \$31 billion.

To make the matter explicit, it is \$31,570,276,000 added to \$5,655,467,000 added to \$1,988,396,000. That is what the Senator's committee tells us that we, the people of the United States, are obligated to pay.

Then, the unexpended balance as of February 28, 1957, was \$6,576,135,000.

The total estimated expenditures for the fiscal year 1957 amount to \$3,395,741,000.

There is an item of estimated unliquidated obligations as of June 30, 1957, which are, of course, obligations which have been incurred but which have not been paid—that is to say, a debt owed by the United States—amounting to \$5,168,790,000, according to the report of the committee.

In addition, after having told the United States what a tremendous sum has already been spent and the tremendous sums which must continue to be spent, the Senator's committee has reported a bill calling for additional expenditures amounting to—what?

Mr. HUMPHREY. Three billion six hundred million dollars.

Mr. O'MAHONEY. Three billion six hundred million dollars. I wish the junior Senator from Minnesota would sometime, in his calm days, retire to his office and prepare for me a list of the banks in Minnesota which have a capitalization of \$1 billion—all of them. Let me know about all of them.

Let the Senator get from the Minnesota banks the amount of United States Government bonds owned by them. Let him get the price the banks paid for the bonds, and the price they would get for them if the bonds were sold today.

Let the Senator get some information from his own State with respect to the effect upon the economy of his State and the economy of the United States, unless we make it absolutely certain that Congress shall, day by day and week by week, be given supervision of the expenditure of the money of the people of the United States.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Of course.

Mr. HUMPHREY. After this torrential stream of statistics—

Mr. O'MAHONEY. I wish, Mr. President, that the Senator from Minnesota would indulge me for a moment. There is no source more torrential than the Senator from Minnesota. [Laughter.]

Mr. HUMPHREY. Then, the Senator from Minnesota is an expert in torrents.

Mr. O'MAHONEY. Yes.

Mr. HUMPHREY. After the Senator has read the statistical dissertation, I say it still does not apply to what he has argued, because the very figures he has read are the amounts which were appropriated by Congress.

On the one hand he says it is a fantastic sum of money.

Mr. O'MAHONEY. I said that.

Mr. HUMPHREY. In the next moment he says, Congress must have control. Congress has more control—

Mr. O'MAHONEY. Mr. President, Congress must have control of the expenditures which are to be made in the future. That is all I said. The Senator from Minnesota should not misrepresent my statement. I am sure he does not misunderstand me.

Mr. HUMPHREY. I do not misunderstand at all. I know when there is a sort of engulfment of what I would call the innuendo and the fringe issues.

The real issue is whether the Congress has control over the appropriations. The Senator from Wyoming was a member of the Appropriations Committee for years. Once I heard him defend an appropriation of more than \$40 billion to the military of the United States—which he did beautifully.

Mr. O'MAHONEY. Mr. President, the Senator from Minnesota is evading the issue.

Mr. HUMPHREY. But in the pending bill, to which the Senator from Wyoming now directs his attention, is a provision for a loan fund. The money is to be loaned, not given away. It is to be returned to the fund. It is not to be scattered over the landscape. The controls provided for in the bill are much greater than those provided for in previous legislation. Yet previously the Senator from Wyoming has voted for bills by means of which more funds would have been given, with less restraints, than those which would be loaned by means of the pending bill.

Mr. O'MAHONEY. But last year, when I found that the State Department was unwilling to allow the Congress to obtain the information, I voted against the bill. And I shall vote against the bill again.

I know the committee has made some hesitant and staggering moves to give the Congress control, but they are only hesitant steps.

In view of the present fiscal condition of the Treasury of the United States, we cannot, in justice to our own constituents, delegate away the power to supervise these expenditures.

The money is being spent all over the world. Unless the State Department has changed the opinion it held last year, it would like very much not to have the Congress monkey too much with the manner in which the expenditures are made.

Mr. HUMPHREY. Mr. President, will the Senator from Wyoming yield again to me?

The PRESIDING OFFICER (Mr. SCOTT in the chair). Does the Senator from Wyoming yield to the Senator from Minnesota?

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. I must say that all Members of Congress—

Mr. O'MAHONEY. Mr. President, the Senator from Minnesota is wearing me out, I must say.

Mr. HUMPHREY. Mr. President, the Senator from Wyoming has the vigor of a giant. I am impressed, and I shall not in any way try to wear him out, because the agility of his mind is exceeded

only by the vigor of his body; and I must say that I am impressed with both.

Mr. O'MAHONEY. But, Mr. President, it is exceeded by the competence of the Senator from Minnesota in evading the issue. [Laughter.]

Mr. HUMPHREY. I only request the Senator from Wyoming to be with us either a little later this evening or possibly tomorrow morning.

I wish to say to him that the pending bill authorizes the appropriation of \$500 million this year, through the Appropriations Committee, if the Appropriations Committee so desires. The fund will be a loan fund. The taxpayers of the United States should know that, although in previous years grants have been made, this year loans are to be made.

I do not believe the Senate is capable of sitting day after day to consider each project under the terms of this measure, in order to decide whether the loan should be granted. Before now, the Senate never decided whether the gifts were to be made.

Mr. O'MAHONEY. Mr. President, I must resume the floor.

Mr. HUMPHREY. Mr. President, I am delighted to yield the entire Chamber to my friend. [Laughter.]

Mr. O'MAHONEY. Mr. President, several years ago there came to Wyoming a distinguished character from the State of Minnesota. He advertised himself as a loan agent. He borrowed enough money to open an office on the main street. He offered loans to everyone. But he had no money. He was good at offering loans; but when the time came to raise the money, he had no means of raising it.

The United States has the means so long as the credit of the United States is maintained. But I say to the Senator from Minnesota—and I say it in all seriousness—that when the bonds and other securities of the Government of the United States are falling steadily below par, when the Treasury is finding it constantly more difficult to borrow money, when the Treasury finds itself compelled to raise the interest rate to be paid to the big, concentrated banks in the large cities, then we, the representatives of the people of the United States, and the custodians of their welfare, had better watch what is being done. If we do not watch it, the crash will be upon our heads.

Mr. President, I wish to say that the amendment I have sent to the desk has been patterned after the language contained in the Atomic Energy Act. When the Atomic Energy Act was prepared—because Congress felt that atomic energy was an appalling power, over which the people's representatives in Congress should maintain control—the Congress wrote into the law—and the provisions are still there—absolutely airtight requirements to preserve the authority of Congress.

But the pending bill is full of loopholes through which the executive branch can avoid its responsibility to keep the representatives of the people advised.

DEATH WARRANT

Mr. President, in view of the constant delegation away of congressional power

to the executive branch of the Government, I say without any hesitation that we may be writing the very death of the Congress of the United States.

The issue in the world is the preservation of government by the people against managerial government, whether it be management by dictators of the Soviet stripe or by dictators of the Fascist stripe. What we are laboring for in the world is to set an example of how the people can govern.

But the bill the committee has reported would show how the people's representatives can give away their right to govern.

So, Mr. President, I want those who have been associated with me in the amendment to know that I have not lost interest in it. I am sure they have not lost interest in it. I wish to make sure that when the time comes to offer the amendment to the pending bill, we shall have well-informed Members, ready to join in the argument in support of the amendment and to vote for it. I believe it is a worthy amendment. I know it is an honest amendment. I know it is conceived only in the thought of preserving the legislative power of the Congress of the United States.

I cannot forget that when the founders of this Government wrote the Constitution, they devoted the first article of that instrument to the legislative power. The legislative power is superior to any other power in our Government.

Mr. MORSE. Mr. President, will the Senator from Wyoming yield to me?

Mr. O'MAHONEY. I yield.

Mr. MORSE. Mr. President, I wish to commend the Senator from Wyoming for the brilliant speech he has just made. It comes as no surprise to me that this great constitutional lawyer from Wyoming today stands on the floor of the Senate and raises his voice in a plea for the defense of the legislative process of the Government of the United States, as contemplated by the Founding Fathers.

I wish to say now, as I said earlier today I dwelt at length on the same point. I think he is completely correct. I do not know of any answer which can be made to the legal argument he has made.

I wish to say now, as I said earlier today, that the pending question is whether the Congress will abdicate its constitutional legislative duties.

I am proud to be associated with the Senator from Wyoming in his amendment, and I am proud, as one of his students and disciples in constitutional law, to follow his leadership on this great issue in this constitutional debate.

Mr. O'MAHONEY. The Senator is very kind.

Mr. HUMPHREY. Mr. President, we are just about ready to move an adjournment. However, I should like to say to the Senator from Wyoming that I have read his amendment with considerable interest. I commend him for his amendment. I think the amendment does exactly what section 534 of the present Mutual Security Act requires, with one exception. The Senator's amendment requires a more current reporting than does section 534.

I shall address myself to this question somewhat tomorrow. No one is more desirous than I am of retaining our congressional power. Members of the committee were greatly concerned over that question. There was much discussion about it. But there are problems relating to a loan agency, as to how much supervision can be given to it by Congress, when we do not know to whom the money is to be loaned. Loans have to be developed in a businesslike manner. The same kind of restriction has not been directed to the Export-Import Bank, which loans billions of dollars, and has a much larger loan authority than the development loan fund will have. The Export-Import Bank has a capitalization of, I believe, about \$5 billion; and the Export-Import Bank makes to the Congress regular reports, which are neatly filed away or given study by the appropriate committee, the Committee on Banking and Currency or the Finance Committee.

All I say is that the amendment of the Senator from Wyoming is not what I would call a basic amendment. It is a good amendment. It provides:

The Secretary of State shall keep the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Appropriations of the Senate and House of Representatives fully and currently informed with respect to all activities of the Department of State or any agency thereof under this act. The Secretary of Defense shall keep such committees and the Committees on Armed Services of the Senate and House of Representatives fully and currently informed with respect to all activities of the Department of Defense under this act. Any Government agency shall furnish any information requested by any such committee with respect to the activities and responsibilities of that agency under this act and it shall be the duty of any officer or employee of the Government having information relating to programs being administered under this act to furnish promptly to such committee or committees, upon request by any such committees, full information with respect to such activities and responsibilities.

The only reason why that language is not in the pending bill is that there are constitutional problems involved. As every Member of the Senate, whether he is or is not a lawyer, knows, we cannot compel the President of the United States, under the doctrine of separation of powers, to give information to the Congress if he does not want to. The President may be impeached for his failure to do it, but we cannot compel him to do so. Therefore, what is being relied upon is coordination and cooperation between the agencies of Government and the committees of Congress.

I respectfully say that in most instances the agencies of Government, whether under Republican or Democratic administrations, give the committees of Congress information, if we probe for it and go after it. Frequently the agencies give Congress information without such action on the part of Congress.

All I want to say is that the President of the United States is in charge of the respective Cabinet officers, and if the President orders a Cabinet officer not to testify, he cannot be compelled to tes-

tify. We have confronted this problem before. We had it under President Truman. We had it under President Jackson. We may have had it under President Eisenhower; I do not recall. But no Member or committee of Congress can compel a Cabinet officer to testify if the President orders him to the contrary, because it is a constitutional question which has already been resolved.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HUMPHREY. Yes, I yield.

Mr. O'MAHONEY. May I say to the Senator that what he says now must be construed as meaning that if the Congress yields its power to a President in a bill such as the one before the Senate, and creates an organization which could not exist and which could not be established without the action of Congress, Congress thereby loses all right to be informed. That is not so.

Mr. HUMPHREY. I did not say that.

WAIVER OF PRIVILEGE

Mr. O'MAHONEY. If the Senator will pardon me, the effect of this amendment lies in the fact that if it goes into the bill, and the President signs the bill, that constitutes a waiver of the executive privilege. The executive privilege has been exercised by subordinate officials of Government who never went near the President to ask whether or not the information sought by Congress was secret or not.

We have had officials claiming the executive privilege in matters relating to rapid tax amortization. Nobody knows better than the Senator from Minnesota how important it is for us to know how much has been given away.

Mr. HUMPHREY. I agree with the Senator that it is important to know that, and I surely want every executive officer who comes to the Congress to tell us all there is to know about it; but no statute overrides the Constitution.

Mr. O'MAHONEY. No.

Mr. HUMPHREY. No law can authorize that which the Constitution forbids, and no officer, under the Constitution, can do that which the Constitution forbids.

Mr. O'MAHONEY. The Senator will find difficulty in pointing out that section of the Constitution. I call to the Senator's attention the provision of the Constitution that no money may be taken out of the Treasury without the consent of the Congress. The President cannot take it out, and if we authorize him to take it out, we have the right to compel him to answer about it.

Mr. HUMPHREY. May I say most respectfully to the Senator that even after the Congress appropriates the money and directs the President to spend it, he does not need to do it? President Truman refused to spend money Congress had appropriated for the Air Force—

Mr. O'MAHONEY. The Senator is changing the subject.

Mr. HUMPHREY. I am not changing the subject. I have respect for the Constitution of the United States, as all Senators have, and for the correct interpretation of the Constitution. Congress may write language in a proposed statute

which directs the President to do something. Under his constitutional prerogatives he may veto it.

I think what the Senator is really attempting to do by this amendment is what we were trying to do by cross-reference in the bill to section 534 of the Mutual Security Act.

I have been perfectly willing to vote for the committee amendment to S. 2130, provided everybody understands there is no bill we can write whereby we can compel the President of the United States to deliver information, if he feels such is contrary to his duty under the Constitution of the United States.

Mr. MORSE. Mr. President, will the Senator yield at that point?

Mr. HUMPHREY. I yield.

Mr. MORSE. I think we ought to make perfectly clear that we understand what the Senator from Minnesota means, and I am not sure that the language he has used means what he intends it to mean. The Senator from Minnesota is quite right that we cannot pass a statute which will require the President to give us information which, under the so-called executive privilege, based upon the separation of powers, he does not have to give.

Mr. HUMPHREY. The Senator is correct.

Mr. MORSE. But I respectfully point out that the Senator is overlooking the difference between that situation and the situation which is before the Congress with respect to this bill. The Congress of the United States does have the right to enact legislation which seeks to vest a certain power or administrative duty in the President subject to conditions, and unless he complies with the conditions the power does not exist, which is quite a different thing. We have the right to say to the President in legislation, "You cannot have part of it and not all of it. If you are going to exercise any power under the statute then you must comply with the conditions we impose, or the power is not legislated to you."

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. Yes, I yield.

Mr. HUMPHREY. That is not what this amendment says at all. This amendment does not say, "Unless you do these things you get no money."

Mr. MORSE. I am not talking about the amendment.

Mr. HUMPHREY. That is what I am talking about.

Mr. MORSE. I am talking about the statement which the Senator made, if I understood him correctly, that he is of the opinion we cannot pass legislation placing conditions upon the exercise of power.

Mr. HUMPHREY. I did not say that at all. I said we cannot pass legislation here which would compel the President to divulge information that he feels under his constitutional right as President of the United States he does not need to divulge. We can pass legislation which says, "The only way, Mr. President, you can carry out this program is to do as we say in terms of re-

ports." And the President will have to either sign it or reject it.

Mr. MORSE. That is the point I wish to make perfectly clear. I think the Senator will appreciate, when he reads the RECORD tomorrow morning, my interruption. I have helped the Senator, I believe. At least, it was my intention to clarify the statement which I believed was not what he intended.

The position of the Senator from Oregon, as he took it this morning, and as he takes it at the close of the day, is that he thinks we should exercise our legislative power with respect to the President by imposing these conditions precedent, so to speak, and unless there is compliance with them the power itself is not granted.

Mr. HUMPHREY. I wish to thank the Senator. I gather that the Senator from Oregon knows I have the highest regard for his analysis of constitutional law and his statements on it. I wish to say that many a bill has been passed by the Congress which has authorized expenditures of billions of dollars. Let me give the Senators the example of the Missouri River development project, which had a \$7 billion authorization. That \$7 billion was authorized to the Secretary of the Interior, the agent of the President of the United States, and it was not necessary for the Secretary to come back every year to get a new authorization from Congress; \$7 billion was authorized to carry out a program which at best was a compromise, the Pick-Sloan program, which was neither good nor bad. At best, it was admitted to be a compromise.

There are also the Columbia River Basin development, the Tennessee Valley Authority, and others. These are long-term authorizations. It is not necessary to come back to Congress every year for a new authorization.

Mr. MORSE. Will the Senator yield, Mr. President, on that point?

Mr. HUMPHREY. I yield.

Mr. MORSE. I should like to point out—and we will develop it more tomorrow, as the debate proceeds—that those, however, are specific projects.

Mr. HUMPHREY. Yes.

Mr. MORSE. The details of which we have before us at the time. They involve the requirement of committing ourselves to an investment in the totality of a project.

Mr. HUMPHREY. The Senator is correct.

Mr. MORSE. We know what the project is. We have full knowledge of it. We decide in that kind of legislation then and there to buy it, so to speak.

But what we have here is the grant of a blanket authority to the President for expenditures as yet unknown. It is at that point, I think, that some very interesting questions arise with respect to the delegation of policy making legislative decisions, by the language of this bill, to the President of the United States. We did not, in the Missouri Valley project or any of the others that the Senator named, pass any discretion to the President of the United States to make subsequently a policy decision. We made it. We made it with relation to the specific

project. But in connection with this matter we would be giving, in effect, to the President of the United States a great many policymaking decisions.

Mr. HUMPHREY. I wish to say, most respectfully, to the Senator from Oregon, that we always give to an Executive a great many policymaking decisions.

In this bill we are setting policy. We are setting policy in this bill as to military assistance; 1 year, 2 years. We are setting policy in this bill as to the development loan fund. We do not propose to give the President \$3.6 billion and say, "Do with it what you will." We are saying, "A certain amount of this sum will go for military assistance. A certain amount of this sum will go for development assistance. Next year a lesser amount will go for military assistance, and next year a smaller amount will go for development assistance."

Then we are declaring the policy that, instead of giving our money away, we are going to loan it. We are going to establish an advisory board. We are going to establish a loan administrator. We are going to establish a new kind of development loan fund. We are going to apply some of the principles of the Export-Import Bank. We are going to do what we have been doing but in a different way.

I submit that the Congress of the United States supplied considerable capital to the World Bank. All we get from that bank is a written report once a year. Its funds are taxpayers' money. We supply funds to the International Development Fund. Those funds are taxpayers' money.

Mr. President, let me be very clear about this. I am not happy that the Congress has to relax some of its authority, but I think between the alternatives of having to keep people wondering each year whether or not a project is going to be under way or not under way, as compared to having some long-term planning, which gets more out of the dollars loaned, the latter is better. In other words, millions of dollars have been wasted because each year we have compelled the agencies of Government to obligate every last nickel and get rid of it. Under this proposal we say, "There is time. Do your planning more constructively."

Mr. President, the hour is late. I shall discuss this question in greater detail tomorrow, and I shall do so in the morning hours, because I am of the opinion that what is needed is that the American people shall realize the Committee on Foreign Relations did not open up the gates, but instead put some effective controls upon the use of the public's money.

First of all, the bill as reported orders the administration next year to request a smaller amount than this year. Make no mistake about that. The administration is ordered in this authorization to ask for less next year for military assistance. If they desire to ask for more, they will have to request a new authorization. The administration is ordered to ask for less next year in defense support, which is provided to buttress our military assistance. The bill provides

that the Appropriations Committee next year shall have a complete review over the requests for funds for the development loan fund. We have written controls into the bill.

My colleagues would like to have some Americans, or have the American public, believe that we have had all kinds of controls in the past. We have not. We are going to get the same work books before the Committee on Foreign Relations next year that we got this year, as to projects which will be developed under the terms of this bill.

We have not had any firm commitment from the administration for years, Mr. President, as to where the money would be expended in exact dollar amounts in each country. There were limitations on transfers of funds, as there are in this bill. There were limitations upon use of funds, as there are in this bill. But I submit that under careful examination, the bill now before us, providing for the mutual security program for the fiscal year 1957, will be found to contain greater controls of the public purse, greater controls over public funds, than the bills we have had in the past.

Furthermore, we are talking only about authorizations. Ultimately the Appropriations Committees must determine the amounts of money to be appropriated. But I am of the opinion that the Appropriations Committees are a little more careful about funds than are the authorization committees, because the truth is that in almost all legislation more is authorized than is appropriated for. The Appropriations Committees are the ones which are involved in ascertaining the exact number of dollars to be expended in a particular program, or to effectuate a particular policy.

So when I hear of the vast sums of money which have been expended, I say that, indeed, a great deal of money has been expended. But for the first time a substantial amount of money which is to be appropriated out of the Treasury of the United States will be returned. It will be put on a loan basis.

The Mutual Security Act has not caused the price of American Government bonds to become depressed. The fiscal policies of this administration and not the Mutual Security Act, have brought about that result. I want the record to be crystal clear. I do not want it ever to be said that the United States of America finds itself in a condition so precarious, so weak, so uncertain, that we cannot meet the threat of Communist aggression or Communist pressure.

Remember that for every dollar we appropriate in relationship to our economy, the Soviet Union must put up something, too, because this is a race to the finish. The Soviet Union is not going around blowing bubbles. It is not going around doing nothing. The Soviet Union has an army which makes ours look insignificant in size. The Soviet Union has H-bombs. The Soviet Union has a program of economic aid. The Soviet Union engages in international intrigue and aggression.

Are we going to say that the people of the United States, the richest na-

tion on the face of the earth, the prosperity of which is almost unbelievable as compared with others, are in such a bad financial condition that we cannot take this program?

I realize that there may very well be substantial cuts made at the Appropriations Committee level. I hope not, but that may happen. Whatever the Government is given to use in terms of our foreign-aid program, I want to see it used frugally, prudently, and judiciously. I do not believe we do justice to the bill when we say that it provides no congressional control.

I ask my colleagues: What control have we now that we would not have under the terms of the bill?

The only difference is that next year the Senate Foreign Relations Committee will not be called to reauthorize; but next year—in fact, twice during the year—the Foreign Relations Committee will be called upon to scrutinize and examine every detail of the operations of the foreign-aid program. At present we do it once a year. Under the proposed program we shall be required to do it twice a year.

I submit that the only difference between the present program and the one we are being called upon to authorize is that under the present policy every year the administration comes to the Senate Foreign Relations Committee. Under the proposed program it will come to the committee once in 2 years for the military-assistance program and for the defense-support program.

With respect to the Development Loan Program, there is a 3-year authorization, subject to cancellation by the committees of Congress 1 month after the program is started, or 1 day.

It requires no more courage on the part of a committee of Congress to cancel something than to authorize it. The President of the United States does not have to ask us to meet for the purpose of canceling a program. At any time the committees of Congress can review this program, amend it, alter it, cut it in half, cancel it out, or expand it. Every Senator knows that.

A smokescreen has been thrown up, in an effort to indicate that Congress has lost its control. The only time Congress loses its control over something is when it loses its will. Congress can at any time, even as of now, cancel the mutual security program.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. O'MAHONEY. Does the Senator mean to say that Congress can cancel an obligation of which it knows nothing until after it has been consummated? Does the bill so provide?

Mr. HUMPHREY. The Congress of the United States can at any time undo what it has done.

Mr. O'MAHONEY. In the past the Congress has authorized the administration, in carrying out the authorization approved by the Appropriations Committees, to enter into obligations which have not been liquidated.

Mr. HUMPHREY. Yes.

Mr. O'MAHONEY. I have read the figures. Such obligations amount to some \$6 billion. Those obligations cannot be canceled.

Mr. HUMPHREY. I am saying that the program, as such, can be canceled. The Senator knows what I am talking about.

Mr. O'MAHONEY. What I want the Senator to acknowledge is that the obligations, which amount to billions, cannot be canceled. Is not that correct?

Mr. HUMPHREY. The Congress of the United States, tomorrow morning, if it so desired, could cancel the foreign aid program.

Mr. O'MAHONEY. It can repeal the program, of course; but it cannot cancel the obligations; and the obligations are made as the spenders may determine to make them, and not by authority of Congress. The committee of which the Senator is a very important and a very able member has not laid down terms and conditions.

Mr. HUMPHREY. I say most respectfully to the Senator from Wyoming that the Committee on Foreign Relations has laid down every bit as severe and restrictive conditions in this bill as it ever has done. The Appropriations Committee will determine whether or not there will be any money. I will not permit anyone to take me off into a maze trap of digression. The truth is that every Member of the Congress knows that if we are unhappy with the foreign aid program, and we can obtain the necessary votes, we can pass a resolution to stop it. Let us not be led off into the wilderness.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. O'MAHONEY. This will be my last comment. Let us not compound the mistakes of the past by making the mistakes which the Senator's committee has recommended.

Mr. HUMPHREY. I assure the Senator that the majority of Members of Congress in the past have not felt that the mutual-security program was a mistake. Most Members of Congress have felt that it was constructive and good, and an important part of our national-defense program. That is not to say that it has no weaknesses or that there have been no errors. But I regret to say that the amendments being proposed would not help to correct the errors. The Senator would only provide for more reports. We would learn about the activities more often.

If the Senator wishes to propose that we have no program, we can stop the mistakes; but in order to have the Secretary report them more often to us, when we can call upon him at any time—and many times we have called upon him when we have not received much information—this requirement is placed in the Senator's amendment. I do not think such reports would be half as interesting as the Senator thinks they would. I have heard the Secretary of State upon occasions when the information we received was less interesting than what we read in the morning newspaper.

Mr. MORSE rose.

Mr. HUMPHREY. I yield to the Senator from Oregon.

Mr. MORSE. I desire the floor in my own right.

Mr. HUMPHREY. I was about to move that the Senate adjourn.

Mr. MORSE. I wish to address the Senate. I find the comments of the Senator from Minnesota so stimulating that I cannot resist the opportunity to make a few observations on them.

Mr. HUMPHREY. Mr. President, I have just returned from a brief meeting with the Director of the International Cooperation Administration, John B. Hollister, where I had the pleasure of turning over to Mr. Hollister a check to the United States Treasury from the Peace Fellowship of the Disciples of Christ. This \$100 check is the beginning of the disciples' peace budget, and it is a symbol of the desires of a number of their members to increase our United States foreign-aid budget.

This fellowship includes a membership of some 300 Disciples of Christ ministers and lay people throughout the United States, and their support of the foreign-aid budget's nonmilitary provisions is an important expression of confidence by an influential group of American citizens in the continuation and strengthening of an effective program of mutual aid.

With this \$100 check, the Disciples of Christ have effectively dramatized the widespread feeling among church groups and other of our citizens concerned with building a peaceful world, that the very small percentage of our national budget now devoted to foreign economic aid and technical assistance should be expanded. The Disciples of Christ Fellowship has told me that they believe that peace grows out of a world that is economically sound and healthy, and that international good will and understanding are fostered by technical and educational-assistance programs without strings attached.

I ask unanimous consent to have printed in the RECORD at this point a letter I received from Martin Hunter, executive secretary-treasurer of the Disciples Peace Fellowship under date of April 29, 1957, bearing on this subject.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DISCIPLES PEACE FELLOWSHIP,
Indianapolis, Ind., April 29, 1957.

HON. HUBERT H. HUMPHREY,

United States Senate, Washington, D. C.

MY DEAR SENATOR HUMPHREY: The enclosed check for \$100 bears a message. What it says is this. Many of us in this country are not happy with the way in which Congress is proposing to cut the budget. We suspect there is plenty of waste in the budget, notably in the field of military expenditures. What we do not believe is that the miserably small percentage of our budget earmarked for foreign economic aid and technical assistance is the place to cut. In fact, if we knew how to go about it, we would like to see this part of our national budget expanded.

Thus, the check. As a symbol of the desire of a number of our Disciples Peace Fellowship members to increase our United States foreign aid budget we are sending this \$100 asking if it is possible that you see to it that it

gets into the Treasury, earmarked for foreign economic aid.

Incidentally it is our conviction that millions of people in this country, would, if given a chance, be glad to contribute to such construction aspects of our national budget as technical assistance over and above their taxes.

Will you be kind enough to let us know whether we can actually give over and above support to such portions of the budget as we believe in or whether this simply means that Congress will continue to hack blindly away, cutting even more from these most significant and vital portions of our national financial program.

We of the Disciples Peace Fellowship believe that peace grows out of a world that is economically sound and healthy. We believe further that international goodwill and understanding are fostered by technical and educational assistance programs without strings attached. Our check is symbolic of our belief. We think it could be more than symbolic if the way was open for others to help. What is the situation?

Please share with your fellow Senators and Congressmen the idea that when they do their budget cutting it should be where the "fat" is, not where the "heart" beats.

Yours for thoughtful and constructive budget planning that points toward world peace. We're tired of listening to budget butchers.

Sincerely yours,

BARTON HUNTER,
Executive Secretary-Treasurer.

Mr. MORSE. I have only a few comments to make. As I said, I always find my very close and intimate friend, the Senator from Minnesota [Mr. HUMPHREY], very stimulating, and it always grieves me when I find myself on the opposite side from him on any issue.

From listening to the Senator from Minnesota today, I would judge that he is laboring under the impression that we are very far apart on the bill. In my opinion, we are not. We are certainly not apart when it comes to the objectives of mutual security. We are certainly not apart when it comes to our desire to strengthen freedom in the world by bringing better economic conditions to the many millions of people in many countries who are now down-trodden and for whom there is no hope of freedom until we do something to help them toward a better economic well-being.

When it comes to the matter of the substance of the objectives of mutual security, I do not believe that the Senator from Minnesota and the senior Senator from Oregon are apart at all. We are apparently of a different mind when it comes to the matter of procedural safeguards, as to what I happen to think ought to be written into the structure of the bill in order to protect the American people in their constitutional and legislative rights.

The Senator from Minnesota said a few moments ago that he does not like it because in the bill we are giving up some congressional authority. I do not like it, either. But when the Senator from Minnesota says that he does not like it, and then also says we are in a position where he feels it is necessary to give up some of our congressional authority, he casts a vote that is just opposite to the vote that I shall cast. There is involved in this issue a proce-

dural difference that is very vital. There is implied in the Senator's admission, in my judgment, a course of legislative action that neither he nor I have any right to take under the Constitution.

I say most respectfully that the Senator from Minnesota and no other Senator has the right to sit in the Senate and vote for a bill that gives up congressional authority by attempting to grant to the Executive legislative policymaking authority. To the contrary, when we took the oath of office, when we came to this body, we pledged to our constituency the protection of congressional authority under the Constitution. We have no right under that oath to attempt to delegate to the President of the United States congressional authority. That is one vital difference that exists between us. It is not a difference over the objectives of mutual security but it is a great procedural difference.

Then the Senator from Minnesota, in the course of his remarks, points out certain provisions in the proposed bill that exist in the present Mutual Security Act as well. In his colloquy with the Senator from Wyoming he said on several occasions: "But that is in the act now." To that I ask the question, "So what?"

It is highly fallacious to argue that because a bad practice or procedure is now written into the law we ought to continue it in another bill. To the contrary, we ought to take advantage of our opportunity in the pending bill to get it out of the law. In effect, when we adopt the kind of procedure the Senator from Wyoming and the Senator from Oregon are pleading for we bring to an end what we consider to be a bad procedural practice.

So I shall not be impressed in this debate, may I say to my good friend from Minnesota and to other Senators, by frequent references to the fact that something that we object to is now in the law. My answer to that argument is, "Does it make it right? If we have been guilty of a legislative mistake in the past, should we continue it and compound it?"

To the contrary, we ought to eliminate from the present Mutual Security Act procedures we now discover are bad procedures.

Next, Mr. President, I wish to make a brief comment on what my friend from Minnesota had to say about the need for planning in regard to the loan program. Where I fail to follow him and where he loses me is on his false assumption that in order to have long-time planning it is necessary to have funds authorized for years in advance. I deny it.

I do not believe that authorization of funds years in advance is essential to sound planning at all. Rather, we ought to be joining forces—the Senator from Minnesota and the Senator from Oregon and other Senators—on the requirement that we do get a blueprint of longtime planning from the State Department for a loan program extending over a course of years, so that we can see where we are going. Then we should proceed to authorize funds annually

based upon that blueprint of longtime planning.

Mr. President, the requirement that we authorize the funds annually is in no way a handicap to the State Department in long-term planning. It is not a handicap unless someone wants to take the position that we ought to put the State Department in the position with regard to the authorization of funds so that it will make it very difficult for Congress to check the State Department in a waste of funds.

That leads me to the next point I wish to make with regard to arguments just presented by the Senator from Minnesota [Mr. HUMPHREY]. He said that we can act after the fact. He said we can authorize the funds and then we can take them away subsequently if we do not like what develops. He said we have the power of affirmative action, after we pass the act, to take back what we have given in the first place.

Well, Mr. President, that is very plausible, but, I respectfully say, it is highly unrealistic so far as the legislative practice of the Congress is concerned.

Can we not hear the argument that would be made on the floor of the Senate if we authorize funds beyond an annual basis and then at a later date vote to take the funds back? The argument would be made, "Oh, we are honorbound. We are committed. We cannot take the money back because we put these people in the State Department in a position of responsibility. They have gone to foreign countries, and they have had conferences with representatives of foreign governments. They have stated in those conferences that funds are available for loans, and on the basis of those representations they have committed the honor of our country to keep its word."

They would be justified in making that argument if we pass this kind of law, and then said we proposed to take back the authorization.

There would not be the vote of a corporal's guard in Congress for taking it back.

Thus, this is another point over which I part with my good friend from Minnesota. If we expect to keep a check over the funds, we had better keep the funds in our pocket and grant only the authority to go ahead with the longtime planning, based, however, upon annual authorizations of funds.

I move to the next point in my friend's argument. He said, in effect, "Oh, but the Committee on Appropriations will pass on the matter each year. The only difference is that the Committee on Foreign Relations will not go through the authorization procedure."

In the last couple of days I have said something about a trend in the Senate to allow the Appropriations Committee to function too much as a legislative committee. Now I want to apply it to this matter, because what it amounts to, in fact, is delegating legislative power to the Committee on Appropriations. That committee already has become too much of a superlegislative committee in the Senate.

The legislative committees of the Senate having jurisdiction over foreign affairs happen to be the Committee on Foreign Relations and the Committee on Armed Services. I shall not vote for a procedure in the bill which weakens the legislative committees of the United States Senate and increases the fast-growing legislative power of the Committee on Appropriations of the United States Senate. I speak very respectfully of every member of the Committee on Appropriations. I am talking now about Senate procedure.

One of the things I object to in the bill, among many, is the fact that the bill strengthens or increases the tendency of the Committee on Appropriations to take on the legislative functions of the Senate, rather than to make certain that the legislative committees, which have the jurisdiction in the first instance, initiate the legislative recommendations.

I thought the Senator from Minnesota in his comments about Presidential reports argued both ways. In one part of his speech he spoke about the requirement of Presidential reports as though they were an effective check. As I pointed out this morning, I think they are pretty much a gesture. Later in his speech the Senator from Minnesota spoke rather negatively about the effectiveness and value of such reports. I agree with his latter observation.

As I said this morning, if Senators want to see what an empty gesture the reporting requirement is, let them go to the Committee on Foreign Relations and look at the reports which are being filed already in connection with the exercise of discretion by the President over so-called executive emergency funds with respect to the administration of the Eisenhower doctrine in the Middle East. I have looked at some of the reports relating to the President's Middle East policy. They are so general that when one finishes reading them, he does not know any more, practically, than when he started.

So my friend from Minnesota has to make up his mind which way he wants this. I am not going to let him argue, at least unanswered, that there is a check by way of Presidential reports; and then within 10 minutes, as he did this afternoon, let him argue that the Presidential reports, after all, are not very effective. However, on the latter point I agree with him.

Mr. President, I wish now to discuss another point made by the Senator from Minnesota.

I refer to the point which he made in regard to the delegation of power to the President of the United States. His statement is subject to the interpretation that, in his opinion, we cannot under the Constitution, because of the doctrine of separation of powers, impose restrictions upon the President which would require him to give us information which he is not inclined to give to us. I want to stress this. I hope the Senator from Minnesota will clarify his position tomorrow in the RECORD.

I say that Congress has not only the legal right, but I think also the clear duty, to specify the conditions which

must be complied with precedent to the exercise of any authority which the President will exercise under the act, and that we have not only the legislative power to do so, but also, in my opinion, the clear legislative duty to do so.

Some of my amendments go directly to that point. I am so seriously concerned about the giving away of congressional authority, which the Senator from Minnesota admits is being done, at least to some extent, in the bill, that I think it is in this bill that we ought to call a halt to so dangerous a tendency on the part of Congress.

I say to the Senator from Minnesota that Congress has the power and the duty to lay down conditions precedent to the exercise of any authority granted to the President in the bill. In other words, I will put it this way, in non-legal language: Suppose Congress sends to the President a piece of legislation which grants him power, but we say that the exercise of the power is contingent upon his complying with certain conditions which Congress imposes; and that unless the President complies with those conditions, the authority is legally not vested in him. That is a perfectly legal legislative form to follow in enacting legislation. I know of no other way to check arbitrary, discretionary power on the part of the President.

Lastly, I heard practically nothing from the Senator from Minnesota about the inconsistent position in which he must find himself in respect to the great differences between the procedures set forth in the bill which he joined in recommending to the Senate and the procedures contained in the report of the special committee which studied mutual security for more than 11 months, and which the Senator from Minnesota also signed. If he thinks he made a mistake and was in error in signing the report of the special committee, then let him say so to the Senate. But I have not heard any of the signatories to the report of the special committee say that.

Of course, if their position is that although the committee report contains the ideal procedure, but that they are now submitting a bill which they think is based upon legislative practicalities, my answer to them is that they are not very practical, in my judgment, when they propose a bill containing a procedure which one of their most able spokesmen in debate has admitted involves the giving away or the relinquishing of some congressional authority.

Mr. President, because I think it is most important that Congress maintain more effective checks upon the exercise of executive power, I close by sending to the desk and asking to have printed tonight, so that it will be available to Senators tomorrow, an amendment which provides for further restrictions and limitations upon the exercise of discretion by the President of the United States in respect to the so-called special assistance fund.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The amendment will be received, printed, and will lie on the table.

JUVENILE DELINQUENCY

Mr. HUMPHREY. Mr. President, we are all deeply concerned with the problem of juvenile delinquency. It is of concern not only to the older folk but to many of the younger generation themselves.

Feeling that it would be wise to hear from the young people themselves as to ways and means of combating juvenile delinquency, the Minnesota Police and Peace Officers Association recently sponsored an essay contest on the juvenile-delinquency problem in the United States. The winning essay which brought Mr. John Roth, a pupil in the Mankato high school, a \$300 scholarship award, was printed in a recent issue of the Minneapolis Tribune.

John Roth's emphasis on the positive, his concern with the impact of materialism on the family, and the overwhelming importance of family life is most effective.

I call this essay to the attention of my colleagues as both challenging and stimulating.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of the essay entitled "The Juvenile Delinquency Problem in the United States" by John Roth.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

THE JUVENILE DELINQUENCY PROBLEM IN THE UNITED STATES—"DANGEROUS TO HAVE HOME DECLINE"—BOY'S PRIZE ESSAY ON SOLVING DELINQUENCY

(By John Roth)

Juvenile delinquency, like so many of our society's pressing problems, is not a situation that can be attributed to any one cause.

It is a problem with many different facets and one whose causes are many and varied. The majority of the causes, it seems to me, are not ones that can be corrected by legislation or by any method in a short time. They are factors that have arisen over a long period of time because of the slow changes that civilization must make in order to survive.

As a civilization progresses, especially a materialistic one like ours, the great impetus to invent, produce, manufacture, and to make money overshadows the interest in developing the important cultural and domestic aspects of our daily life. Because emphasis is placed on success in business rather than in the home, it is only natural that this vital institution will deteriorate. It also follows that family ties will become loose, and that children will forget their responsibility to the society of which they are a member and which they must strive to sustain and improve.

Since the home is one of the best places for young people to be taught citizenship and to learn correct conduct by observing others in his or her family group, it is a dangerous one to have decline.

The cause of juvenile delinquency that is found directly in the home will probably resolve itself eventually as these cultural and domestic factors catch up to the materialism which is now being driven along by world tensions and intense competition.

Another cause, I feel, is our standard of living. Science has gone all out to make life as easy as possible for human beings. Instead of using their originality and good sense to choose safe, constructive activities, the youngsters of today are drawn to more commercial forms of entertainment such as movies and television.

These mass media, because of the necessity of drawing a crowd, seem forced to present attractions which contain a good deal of violence and disrespect for authority. Besides, these attractions are what might be called passive entertainment.

The recipients sit, doing nothing original or constructive, and watch spellbound as people of their own age and people who look and dress the same as they do commit crimes and show utter contempt for forces working for law and order.

As young people see this type of thing time after time after time, naturally, they are led to believe that this type of behavior is customary and that they are in a minority group if they don't conform.

Youngsters, by nature, want to be like others in their age group, so they do all they can to conform to this stereotype which they firmly hold to be accurate. Unfortunately the stereotype is not at all accurate and it prompts our young citizens, who are very easily impressed at this age, to conduct themselves in a manner that is not in accordance with the morals and established proper behavior of our society. This cause also is one that we can't easily correct in order to curb juvenile delinquency.

It is quite noticeable that juvenile problems occur much more frequently in large population centers, where housing facilities are marginal, space of any type is at a premium, and where fields, playgrounds, and recreational opportunities are rare or even nonexistent. It is easily discerned how trouble arises in situations of this type.

With no adequate place to spend leisure time and to let off steam through physical activity, young people naturally drift to the streets and into undesirable places of business. There they come in contact with others in the same situation and soon gangs are formed which provide some sort of organized activities, usually of a highly objectionable type. If these gangs spring up in one place, they are bound to spring from many locations having similar conditions. Then the youthful spirit of adventure and competition comes into view.

Adventure, competition, and organized gangs with no responsible adult leadership. What could be a better combination to produce theft, fights, revenge, and in extreme cases, murder? However, as we look at this causative factor objectively, we again see that it is one that is well nigh impossible to dispose of. As long as we manufacture and mass produce, people must congregate around places of production and crowded conditions are almost inevitable.

Although research has demonstrated that as new population centers are created, it is possible to construct them so that recreational facilities are provided, we still have many old areas to cope with which can only be rebuilt over a long period of time and through the expenditure of countless millions of dollars.

These three items seem to be the largest contributors to juvenile delinquency. As you see, it is practically impossible to destroy any of these factors immediately. Must we then be content to say that the juvenile problem is insoluble and give up? By no means. The trouble is of such magnitude that we can't afford morally or economically to give up.

We must do something about juvenile delinquency within a very short period of time because it is dangerous, not only to the young people and the people near them now, but also it is a danger to our whole society when these youths become the leaders and citizens of tomorrow. We should enact measures which will curb juvenile delinquency and perhaps cut down some of the more tangible causes. These steps could partially solve the problem until education of the public and natural changes evolve

a generation which realizes the true causes of the situation, and would proceed to solve it at its sources, the home, community and our society.

One effort that could be made immediately and which, in my opinion, would help ease the crisis is publicity. At the present time, in many localities it is illegal to publish the names of juvenile offenders. This is unfortunate.

Youths now know that if they are apprehended for some crime, they will be punished, usually by a warning, fine, or short jail sentence for themselves or their parents. They are confident that they will not have to suffer the disgrace of being ostracized by their friends, neighbors and relatives because their names will not be published in newspapers or broadcast over the radio.

Adolescents are very sensitive to criticism by the group they associate with. They find it especially necessary to belong to and be accepted by the majority of their classmates and other members of their age. Furthermore, I feel that the young people of today, yes, even the group known as juvenile delinquents, are basically good and know the difference between right and wrong. Some of them just don't use their good judgment.

Thus if the names of teen-age offenders were published, I think that the pressure of disapproval from the responsible members of the adolescent group would be a force to discourage the miscreant from repeating his or her misdeed.

Another aspect of publicity that could be improved is that when a minor has been involved in a crime, newspapers often go over every detail of the incident and describe colorfully just how the act was accomplished. Young people, after reading a report of this sort, will discuss it with their friends. Immediately the offender becomes a hero, his mistakes are criticized; his accomplishments are praised. If incidents involving minors were reported by giving merely the names of offenders and avoiding detailed description and pictures, it would definitely be a step in the right direction.

The commendable accomplishments of the young people should be brought to the eyes of the public instead of putting so much emphasis on their misdeeds. Honor rolls, class plays, speech meets, science fairs, sports events and student council activities at a high school would be good subjects for a lot of constructive publicity.

A phase of our juvenile problem that has been getting a lot of attention lately is the practice of punishing the parents of the youthful offender. I am surprised that this practice was ever initiated. It is a very unfortunate state of affairs, both for the youngster and for his family relationship.

Although it is generally conceded by enforcement officials, psychologists, and educators that many juvenile problems originate in the home and that parents could do much to solve it, it is grossly unfair to punish these parents because many of them are unaware of where they are failing and what they should do. Such parents, when punished for the misdemeanors of their offspring, don't understand why they are being blamed and instead of inquiring about it, they will take out their wrath on the youngsters.

After the punishment of such a parent, often the offender has been severely punished by the parent, family ties have been weakened, and, in some extreme cases, parents have even turned their children over to the State rather than be responsible for them if they seem uncontrollable.

The juvenile delinquents are young adults. For this reason, they should be able to make many of their own decisions and held responsible for their actions. If punishment is to be meted out to them and not to their

parents, I feel they will think twice before committing a crime.

In looking over the whole problem objectively, it appears to me to divide itself neatly into two parts, causes and preventive measures. It may seem strange to have causes and solutions be separate, but I feel that they must necessarily be that way because the problem has arisen as a result of our rapidly changing civilization and its source can be done away with only when this civilization gains its equilibrium.

In the meanwhile, however, we must take some steps to control these difficult youngsters. Some measures that I feel would be an aid are publishing the names of offenders and giving less attention to the actual details of the incident. Another beneficial measure would be to give more publicity to the good deeds, and accomplishments, of young people. These young people would also think twice before getting into trouble if they realized that they themselves would be punished and not their parents. These steps, in my opinion, would do much to control the irresponsible actions of a small percentage of our adolescent group that are getting so much bad publicity.

ADJOURNMENT TO 9:30 A. M. TOMORROW

Mr. MORSE. Mr. President, I move that the Senate adjourn until 9:30 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 59 minutes p. m.) the Senate adjourned, the adjournment being, under the order entered on June 10, 1957, until tomorrow, Friday, June 14, 1957, at 9:30 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 13, 1957:

IN THE ARMY

Lt. Gen. Robert Nicholas Young, O15068, Army of the United States (major general, U. S. Army), to be placed on the retired list in the grade of lieutenant general under the provisions of title 10, United States Code, section 3962.

The following-named officers for appointment in the Regular Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3284 and 3306:

To be brigadier generals

Maj. Gen. Louis Theilmann Heath, O18060, Army of the United States (colonel, U. S. Army).

Maj. Gen. Andrew Pick O'Meara, O18062, Army of the United States (colonel, U. S. Army).

Maj. Gen. Robert Jefferson Wood, O18064, Army of the United States (colonel, U. S. Army).

Maj. Gen. Robert Highman Booth, O18093, Army of the United States (colonel, U. S. Army).

Brig. Gen. Alva Revista Fitch, O18113, Army of the United States (colonel, U. S. Army).

Maj. Gen. Roy Ernest Lindquist, O18125, Army of the United States (colonel, U. S. Army).

Brig. Gen. Sidney Clay Wooten, O18126, Army of the United States (colonel, U. S. Army).

Brig. Gen. Archibald William Stuart, O18130, Army of the United States (colonel, U. S. Army).

Maj. Gen. Barksdale Hamlett, O18143, Army of the United States (colonel, U. S. Army).

Brig. Gen. Carl Irven Hutton, O18177, Army of the United States (colonel, U. S. Army).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 17, 1957
June 14, 1957
85th-1st, No. 103

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HIGHLIGHTS: Senate passed mutual security bill. Senate committee ordered reported bills to release extra long staple cotton for stockpile, to modify relation of supports on burley and Virginia tobacco, to exempt certain wheat producers from marketing penalties, and to transfer wheat acreage allotments of lands taken by right of eminent domain. Sen. Smith, N.J., introduced and discussed bills to establish Senior Civil Service, improve employment practices, and create Advisory Council of Health.

HOUSE

1. APPROPRIATIONS. Conferees were appointed on H.R. 6500, the D.C. appropriation bill for 1958 (p. 8109). Senate conferees were appointed June 11.
2. HOUSING. Conferees were appointed on H.R. 6659, the housing bill (p. 8109). Senate conferees were appointed May 29.
3. AREA REDEVELOPMENT. Rep. Lane spoke in favor of legislation to assist local distressed areas in economic redevelopment. pp. 8147-48
4. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee ordered reported S. 1521, to exempt student trainee appointees from the Civil Service provision prohibiting the employment of more than two members of a family in the classified service. p. D531
5. FARM POLICY. The Subcommittee on Agricultural Policy of the Joint Economic Committee announced that it had selected Dr. George E. Brandow as staff economist to conduct its forthcoming study of agricultural policy. p. D532
6. LEGISLATIVE PROGRAM. Rep. McCormack announced that the Consent Calendar will be called Mon., June 17, to be followed during this week with consideration of H.R. 6974, to extend Public Law 480; H.R. 7221, the conference report on the

third supplemental appropriation bill; H.R. 8090, the public works appropriation bill; H.R. 7125, excise tax amendments; S. 469, to extend Federal supervision of Klamath Indians; H.R. 7168, the Federal construction contract procedures bill; and H.R. 3753, to extend loans to homesteaders and desert-land entrymen. p. 8145

7. ADJOURNED until Mon., June 17. p. 8151

SENATE

8. FOREIGN AID. Passed, 57-25, with amendments S. 2130, the mutual security authorization bill. pp. 8171-8260.

Agreed to the following amendments:

Committee amendments (pp. 8171, 8254).

By Sen. Gore, to prohibit loans without firm commitments of repayment and a finding of reasonable prospects for repayment (pp. 8230-1).

By Sen. Fulbright, to authorize the use of \$10 million of funds for assistance to U. S. schools abroad, as amended by Sen. Humphrey's amendment to urge special efforts to utilize Public Law 480 funds for this purpose (pp. 8237-40).

By Sen. Ellender, to require a report to Congress on each financing operation involving the assets of the fund (pp. 8241-2).

By Sen. Javits, to study ways to facilitate travel (p. 8251).

Rejected the following amendments:

By Sen. Morse, 32 to 54, to delete the \$750 million per year borrowing authority of the Development Loan Fund and eliminating technical language making it a revolving fund (pp. 8211-26).

By Sen. Morse, 22 to 61, to require 15 days notice before the President waived requirements of the act for \$100 million of the funds (reduced from \$250 million) (pp. 8226-9, 8230).

By Sen. O'Mahoney, 31 to 53, to require full and current reports of all activities under the law (pp. 8231-7).

By Sen. Ellender, to delete language increasing the limitation on grants to the U. N. technical assistance fund to 45% (pp. 8240-1).

By Sen. Case, to increase the sums earmarked for the sale for foreign currencies of agricultural commodities from \$200 million to \$225 million (pp. 8242-51).

By Sen. Ellender, to require that sums appropriated under the Mutual Security Act be passed in a separate bill and not be included in the Defense Department or other appropriation bill (p. 8254).

9. PEANUTS; COTTON; TOBACCO; WHEAT. The Agriculture and Forestry Committee ordered reported the following bills:

Without amendment, S. 609, deleting the requirement for reports from persons operating peanut picking or threshing machines (p. D530);

Without amendment, H. J. Res. 172, authorizing withdrawal from the stockpile for CCC sale of 50,000 bales of extra-long staple cotton (p. D530);

Without amendment, H.R. 7259, redefining types of Virginia tobaccos (p. D530);

With amendment, S. 959, to exempt from liability producers of wheat to be used for feed or seed on the farm (p. D530);

With amendments, S. 606, permitting the transfer of wheat acreage allotments of lands taken from the farmer by eminent domain (p. D530).

10. HOUSING. The Banking and Currency Committee ordered reported with amendments H.R. 4602, to encourage veterans residential housing in rural areas (major amendment would reduce authorizations for direct loans from \$200 million to \$50 million). p. D530

Mr. JOHNSON of Texas. Morning business is concluded, and I ask that the unfinished business be laid before the Senate.

MUTUAL SECURITY ACT OF 1957

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The committee amendment is a substitute for the text of the bill. Under the precedents of the Senate, it is not regarded as an amendment but as original text for the purpose of amendment. The committee amendment is open to amendment.

The clerk will read the unanimous-consent agreement which has been entered:

The legislative clerk read as follows:

Ordered, That effective on Friday, June 14, 1957, at the conclusion of routine morning business, during the further consideration of the bill, S. 2130, to amend further the Mutual Security Act of 1954, as amended, and for further purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader—

Mr. JOHNSON of Texas. Mr. President, was it necessary to have the unanimous-consent agreement read?

The PRESIDING OFFICER. The Chair was acting on the prompting of the Parliamentarian.

Mr. JOHNSON of Texas. I do not know any reason why it should be read. It is available to all Senators.

The minority leader has yielded 45 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 45 minutes.

STILL A GIVEAWAY

Mr. JENNER. Mr. President, Congress is involved once again in its annual struggle to decide how much of our earnings should be given away to foreign governments.

This is the 10th year in which we have wrestled with foreign aid, though we were told it was to be a temporary measure.

Since the end of World War II, we have given to other countries a total of nearly \$19 billion for military assistance, and over \$28 billion for economic aid.

In addition to the \$47 billion in gifts, we have extended loans amounting to \$11 billion—of various degrees of softness.

The executive branch is asking for \$3.8 billion for the coming year, but that is far from the total request.

We must add to the authorization the \$1.5 billion to be borrowed from the Treasury for the development fund during the 2 following years, which will never be returned to us, even if it is repaid to the fund.

To find the total charge against our resources, we must add \$6 billion still

unspent, from foreign aid appropriations of earlier Congresses.

Sales of surplus agricultural commodities provide additional funds for ICA spending.

In March 1956, this amounted to more than \$500 million.

In March 1957, it had risen to a billion dollars, and it is still going up.

Almost half of these extra funds are now used in countries which Congress has never included in the program.

That is how our aid to Poland and Hungary can be legally financed.

Congress may be opposed to our aiding captive nations, while their economies pay tribute to the Soviet Union and its war machine, but we gave the foreign aid officials such vast, unspecified powers that they can do virtually what they wish.

If we add these unspent funds to the present request, we get a total of about \$12 billion which ICA will have to spend after July 1, 1957.

What reason can we give our people, to justify authorizing five and a half billion dollars more for foreign aid at this time, when our national debt approaches \$280 billion and our bonds must be refinanced in a tight market?

Mr. President, we could not sell the last \$4 billion of bond offerings. We have \$16 billion more coming due in August, and in the years from 1965 to 1967 it will be necessary to refinance by the issuance of new bonds to the extent of \$201 billion.

Furthermore, our people are cruelly pinched by our enormous taxes.

What chance would we ever have for tax reductions?

We must remember that practically every dollar of money we give to other nations is added to our debt load.

Expenditures for our own affairs have, in general, used up all, or more than all of our huge tax collections.

Foreign aid has been financed by adding to our debt.

Frankly, I cannot find any good reason to justify Congress in taxing our people to give away more money for the foreign aid follies. It will be said that our military assistance is supposed to help firm anti-Communist nations, face to face with the Red armed hordes.

No one has urged more strongly than I, that we give help, as they need it, to our proven allies, who live with the threat of Communist fire and sword hanging over them every moment of their lives.

I know the Koreans, the Free Chinese, and the Vietnamese cannot pay for jet-age weapons out of their crippled economies.

It will be argued that the purpose of our economic aid is to block Communist plans for world conquest by subversion. No one is more concerned than I over the danger of the Communist fifth column, in this country or any other. But I still say I cannot find any good reason to justify Congress in taxing our people to give away more money through foreign aid channels.

Beautiful visions of a great and glorious crusade against communism are fed to Congress and the people. But I say,

the realities of foreign aid are totally different from these beautiful pictures.

I say that there is no slightest possibility that new appropriations will improve the real situation, or bring us any nearer to the promised goal.

I say that our foreign aid follies do not serve in any way as a threat to communism, or strengthen our ability to defend ourselves.

I say that the new program, for the coming year, is worse, not better, because it is skillfully directed to give less and less hard military help to genuine anti-Communist nations, and to waste more of our substance on economic aid to nations which care nothing for us, and care little about blocking the Communist onslaught.

The able chairman of the Senate Foreign Finance Committee has pointed out;

This country is mortgaged to the hilt at this moment.

The 275 billion Federal debt—that you and I owe—equals the full assessed value of all the land, all the buildings, all the mines, all the machinery, all the factories, all the livestock, everything of tangible value—in the United States of America.

Stop and think what that means, Mr. President.

While we were giving away over \$47 billion during the last 10 years, how much of our debt did we retire?

According to the annual report of the Secretary of the Treasury, we put not quite one and one-half billion dollars into the sinking fund, to retire our own gigantic debt.

Our national debt in 1916 was a little over a billion dollars.

By 1932, it had climbed to approximately \$19½ billion; by 1940, it had risen to nearly \$43 billion; by 1945, it had approached \$259 billion. A year later, it jumped \$10 billion to a new high of \$269 billion.

In 1948, when we started our foreign-aid giveaway, our debt was down to 252 billion. Since then it has climbed over 20 billions more.

Mr. President, more than 10 percent of our budget is used to pay interest on our national debt. Our citizens carry a heavy tax burden merely to pay the interest, which rises every year.

In 1948, when we started giving away our resources, every man, woman, and child owed over seventeen hundred dollars as his share of the debt. Today, with all our phenomenal increase in productivity, every man, woman, and child in this country owes more than sixteen hundred dollars on the debt.

Yes; to quote the chairman of the Finance Committee, "This country is mortgaged to the hilt."

The chairman of the Finance Committee also pointed out that—

The debt of the United States is 2½ times as great as the combined debt of 12 European nations that we have been helping.

They have a small per-person debt than we have, but we are still contributing to them.

I ask, if we cannot pay our Government debt now, when will we be able to pay it? How will we finance another war if we have to?

Spruille Braden pointed out in January:

If the entire national income of the United States were spent to improve the living conditions of the hundreds of millions of unfortunate people in the undeveloped areas, their living conditions would not be raised even 1 percent; and the benefits would not be lasting, because of their fast-growing populations.

And for this, we tax the earnings of the American people. We take their dollars from them in direct taxes.

We reduce their living standard by depreciating the value of the dollars they have left, after they pay 27½ percent of the national income for Federal, State and local taxes.

In the last year the dollar has fallen more than 2 cents, and that is almost 4 percent of its purchasing power. Yes; we had inflation because of deficit financing in World War II, and because of World War II. But what are we going to do about the inflation of the past year, when there was no deficit financing?

The living standards of our people are being reduced. The process is going on every day. Their living standards are reduced by depreciating the value of the dollars our people have left after they pay 27½ percent of the national income for Federal, State, and local taxes.

While we are on the financial picture, I think the Senate should know that not only do we have a \$278 billion Federal debt, but we have a \$50 billion State, municipal, and local debt. We have a \$254 billion corporate debt, and a \$115 billion individual debt. That makes more than three-fourths of a trillion dollars, which is much more than all the money we have in this country. We have only \$32 billion. There has been an increase in the past 4½ years from \$29 billion to \$32 billion.

We have about \$14 billion worth of gold in Fort Knox, but \$3 billion of that is committed to foreign countries to whom we owe it. So what have we? A few billion dollars working against three-quarters of a trillion dollars worth of debt, and the dollar going down every day.

What are our friends doing? Look at our ally, Great Britain. She reduced taxes for her people, but she could not afford to pay the principal, or even the interest due us on her outstanding loan; and only a few weeks ago we stood here and, by our vote, forgave the British that interest for this year.

She is cutting back on her defenses. She is pulling her troops out all over the world and bringing them home. She says glibly, "If you want any kind of defense, let the Americans pay for it."

How silly can we get? How long are we going to be idiots?

France uses NATO divisions and NATO equipment in Algeria, and there are mysterious delays in German rearmament.

Iceland tolerates our forces stationed to protect her from attack, but makes no bones about her hostility to Americans.

Tito is still on top of a balanced seesaw with the United States in the air on one side of it, and Russia sitting on the other side.

But we send our latest jets to Tito.

This year, it is true, the executive branch has proposed three important changes in its use of these funds.

But let us face it. Let the people look at the facts. I am sure the Senate is not interested.

They recommend that military assistance and defense support for military purposes shall be carried in the appropriations for the Defense Department. Is that not a beautiful thing? Let us see what that means.

They suggest that foreign aid, that is, outright grants for economic assistance to other countries, shall be closed out. That is a fooler, too.

They propose setting up a new program, to make soft loans rather than grants, and to stress help for the undeveloped nations of Asia and Africa, those which are neutral in the struggle we are carrying on against Communist tyranny.

These changes should be carefully examined.

I, myself, have repeatedly proposed that military assistance—which goes largely to firm anti-Communist nations like Korea, Free China and Vietnam—should be assigned to the defense establishment, and that help to neutral nations should take the form of loans instead of outright gifts.

Why, then, do I oppose these new recommendations?

Because they are not improvements in policy or operations, but window-dressing to confuse Congress and the people.

Let us look at military assistance.

Here the obvious change is the request that the defense appropriations be made a separate title in the regular Department of Defense budget.

Military aid will, however, remain under the direction of the International Cooperation Administration, subordinate to the State Department.

The new funds, though charged to the Defense Department, are not to be appropriated to the Defense Department, but to the President. I call particular attention to that point.

Policy decisions on military aid are to be made by the State Department, not the military.

I have repeatedly called attention to the way in which the foreign policy planners have been extending their control over the military establishment.

This is no technical question of inter-governmental relationships.

The question is: Shall we have the kind of military protection for our country which is satisfactory to our defense officials, or the kind which is preferred by the foreign policymakers?

Since 1940 or so, a fierce struggle has been waged far out of sight, between the people who wanted a strong military program tightly meshed with American national objectives, and those who wanted American military strength dispersed to serve the ends of the internationalists and one worlders.

This roughly corresponds with the difference between the State Department and Defense, although the power of the foreign policymakers over the Defense Establishment, itself, increases every day.

The struggle is deep in the upper reaches of the National Security Council, and hidden from Congress and the people by our curtain of secrecy.

I have, repeatedly, called attention to the steps in this attempt to harness American military power to supernational ends.

No one answers my arguments.

No one echoes my questions.

I almost wonder whether someone wants the issue to be kept out of the public eye.

So far, this growing power of the foreign policy planners over defense, has been without legal justification.

In this new foreign-aid bill, the secret is out.

The bill adds a new subsection 521 (c) which provides:

The President shall continue to exercise the powers conferred on him under chapter 3 of title 1, relating to defense support, only through the Secretary of State and his subordinates.

Our military are not supposed to know about railroads and port improvements and radio transmitters.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JENNER. I decline to yield at this time. I am on limited time, and I must hurry along to complete my remarks in time.

Mr. MORSE. I merely wished to support the Senator's argument.

Mr. JENNER. I thank the Senator. The military may not decide whether military facilities are to go to Korea or to Yugoslavia.

Another new subsection, 523 (c) provides:

Under the direction of the President, the Secretary of State shall:

1. Coordinate the various forms of assistance authorized by this act, so that the foreign policies of the United States may be best served thereby; and

2. Determine the value of the program under chapter 1 of title 1 for any country.

"Any country," Mr. President. This means the Secretary of State, and not the Secretary of Defense or the Joint Chiefs of Staff, shall decide how much of the appropriations made by Congress for military aid to anti-Communist nations, shall go to Korea or Free China or Vietnam or Greece or Yugoslavia.

The doctrine of "civilian control" properly refers to the principle that control of decisions on when to make war, and which nations to trust, should be made by elected political leaders, but it has been distorted for years to justify the control of our defense policies by permanent officials of the foreign policy agencies.

The distortion is now to be made permanent, with the formal approval of Congress.

There is another major policy issue hidden in the simple words of this new proposal.

The way is opened to a gradual shift of our foreign aid from military assistance to anti-Communist nations to economic aid to those who are "neutrals" in the cold war.

The executive branch says the new loans are to be "nonpolitical," which is a

fancy way of saying our money is to go less and less to the countries which would stand by us in resisting Communist arms or Communist blandishments.

Our capital is to go increasingly to what are called the "undeveloped" nations, but which are, politically, the nations which refused to support our policy of resistance to communism.

Even if we do not wish to see what is happening, we must realize that this new trend is clearly visible to the firm anti-Communist leaders of Asia and of Europe.

There is still another hidden effect of the appropriation of military aid "to the President."

This is a change of constitutional significance. When funds are appropriated "to the President," this means such funds are not assigned by Congress to an agency set up by them in statute form.

The public money can be assigned by the President, or his assistants, to any impoverished emergency agency, with virtually unlimited powers, powers so vague and blurred that Congress can never check on what it does.

If we vote this change, Congress waives its legislative duty to decide, by statute, on the powers and duties of the executive agency which is to spend our military assistance money.

No policy or prohibitions are set by Congress on whatever they may choose to do. The sky is the limit.

This so-called improvement is then merely one more stop in the transfer of congressional functions to the executive branch.

In 1795 James Madison wrote:

The Constitution expressly and exclusively rests in the legislature, the power of declaring a state of war * * * the power of armies * * * the power of creating offices raising armies * * * the power of creating offices * * *.

The separation of the power of creating offices from that of filling them, is an essential guard against the temptation to create offices for the sake of gratifying favorites or multiplying dependents.

I may say that the Federal bureaucracy now is the largest it has ever been.

The obligation on Congress to define and limit the powers of executive agencies cannot be surrendered unless we are prepared to surrender the legislative power itself.

To sum up the first of the new proposals: The provision to charge military aid to the defense appropriations is, at best, nothing but a bookkeeping device.

In fact, this apparent concession to criticisms by Congress makes matters worse in two important ways:

By transferring a large share of the foreign-aid appropriation to the defense budget, it will be possible greatly to increase economic aid while it is made to look as if total foreign aid is going down. That is the gimmick.

The way is cleared for a major shift in foreign policy, by which we shall continually reduce our grants for hard military aid to firm anti-Communist nations, and transfer most of our help to the neutralist nations.

The dangerous claims of the State Department that it should control top

military policy is now made permanent by statute.

The trend to executive assumption of legislative powers is intensified by the plan to appropriate military aid, though charged to defense, directly to the President.

Now we come to economic aid.

In this regard the current bill apparently proposes the closing out of the old "foreign aid" grants, but the changes again are different from what appears at first glance.

The appropriation of \$300 million dollars for the new category of "special assistance" is, however, a continuation of the old grants.

Mr. LONG. Mr. President, will the Senator yield?

Mr. JENNER. I do not have the time; I am sorry. I am speaking on limited time.

The economic-aid program has \$318 million still unspent. We know how Federal executive agencies can prolong their last days almost to eternity.

The third new step in economic aid is to set up a "bank" for loans to the "undeveloped nations." This is the most fantastic proposal yet.

The loans are to be "soft" loans, loans that none of the public or private lending agencies would be willing to make.

The first request is for \$2 billion, but they admit it will not be the last.

Any repayments—get this, Mr. President—will go to the foreign-aid program. They will never be repaid to the Treasury.

Congress is asked to commit our funds now, for at least 3 years.

This is a clear violation of the constitutional rule that no Congress may legislate for over 2 years, and bind a Congress not yet elected.

To permit appropriations which would be binding on a future Congress would make elections a farce, because the people could vote changes in the Congress, but the new Congress could not make changes in policies.

We have had a great deal of experience with foreign loans—loans, I said; not grants and gifts—which we thought would be paid back, but were not. We still have loans on our books from World War I. As my memory serves me, the only country which ever repaid a loan was little Finland.

Perhaps nothing caused more bitter feeling from other nations than our belief these loans were to be repaid as agreed.

How does this new plan propose that our Government is to collect loans which the borrowers do not wish to repay? Is there any way for governments to get repayment of overdue loans to foreign countries, except by a show of force against other nations? Is that the road to peace?

How does this new colonialism differ from the old colonialism, unless the fund was never meant to be anything but a giveaway?

O Mr. President, I know these one-worlders and internationalists do not like the word "giveaway"; but let them

prove to me that that is not exactly what the fund is.

We are told by Government officials that our people must give billions of dollars for construction of power lines, transportation, communication systems, and educational facilities for these undeveloped countries.

Why should we give away American capital, which we need for our own roads and schools? Why should we, in effect, pay the school and road taxes in foreign countries, to save private industries in new areas their proper share of the costs of progress?

At best, this is outrageous discrimination against the people of our own country, who are struggling to raise taxes enough to pay their own way. It is a system by which we shall buy all the "cats and dogs" clever government officials and financiers of other countries would like to unload.

We are told in justification that private investors cannot make such loans because of the risk. Is it not true that investors are paid for the risks they take? Is it not true that the great fortunes are made at times of great risk?

The Rothschilds made their fortune during the confusion of the Napoleonic Wars. Great British fortunes were built up in Asia, long before British rule could protect them. American fortunes were built up out of the risks of the sea, of the fur trade in the wilderness, of the Civil War, and of both World Wars.

What are we supposed to believe, when we are told that no one can make a fortune in gold or diamonds or minerals or waterpower, in the undeveloped nations, because the people do not have electric iceboxes and voting machines? How can adult, educated Americans swallow such childish twaddle?

Is there hidden here even greater danger? Are these soft loans a clever plan by which the taxpayers of the United States will pay the cost of modernizing and developing the territories of undeveloped areas, and then let favored private investors get a windfall?

Wherever there is easy money, there is graft and collusion.

Our Government could, under this scheme, take over the risks of investment in undeveloped nations, and then let favored private lenders come in and take the profits. Do they plan to issue equity stocks to innocent investors, after they have taken theirs?

Very powerful voices have been heard for years, delicately urging such plans. If this is the purpose of the new ICA bank, then foreign aid will end in an orgy of graft more malodorous than anything we have seen in this country. Sam Insull's financial empire will be like child's play when this game is up.

Last year, I called the foreign-aid program the "foreign-aid follies." We now have plenty of testimony from Members of Congress, and from independent observers such as Eugene Castle, whose book, *The Great Giveaway*, has helped so much to tell our people what they are not supposed to find out.

Let me remind the Senate that the officials who are responsible for the for-

sign-aid follies, are the same officials who are to operate the new development fund.

Mr. President, a silk purse cannot be made out of a sow's ear.

The PRESIDING OFFICER (Mr. MORTON in the chair). The 45 minutes yielded to the Senator from Indiana have expired.

Mr. JENNER. Mr. President, I was yielded 45 minutes by each side.

Mr. KNOWLAND. Mr. President, I am authorized by the majority leader to yield an additional 15 minutes to the Senator from Indiana.

Mr. JENNER. Mr. President, I shall need an additional 45 minutes, I believe. However, I will do my best to complete my remarks in less time than that.

Mr. KNOWLAND. Very well. Mr. President, at this time I yield an additional 15 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for an additional 15 minutes.

Mr. JENNER. Mr. President, the administration turned down every suggestion to put this capital fund into the hands of banking agencies.

They want these billions of dollars of American capital to be handled by the same people who handled the great giveaway. If they build more barns at \$128,000 apiece, and send electronic microscopes to Indonesia, where no one knows how to use electronic microscopes, do not be surprised. Even that is not the worst.

We know, well, the plans of men like Gunnar Myrdal to achieve the world-state by forcing a rapid scheme for economic integration. This has been proposed under U. N., under the name of SUNFED; but, as we say in Indiana, there is more than one way to skin a cat. They can build the world-state from the top down, or from the separate nations, up; or, even better, they can advance first by one road, and then by the other, confident that the innocent will not see what is going on.

Mr. President, I cannot give you proof that this is the ultimate objective of the development fund. But I can assure you that world political integration can be achieved most quickly, most quietly, and most finally by a series of innocent-sounding, economic proposals, carefully cut to fit the ultimate design.

Every dollar of the money we give for foreign economic aid, is taken from our own people. Every billion dollars is capital for roughly 10,000 jobs in this country; and once given away, it will be lost forever.

Congress has had great difficulty in getting any reliable information about what is really done with foreign-aid money. Now, thanks, to the House Committee on Government Operations, we know how much we do not know. This committee prepared the famous Iran report, which described how indifferent ICA was to arithmetic, accounting, correct paperwork for control of supplies, and other irritating restraints on the imagination of the planners and the writings of public-relations men.

Now the committee has brought out a report on budget preparation in ICA. I hope every Member of this body will read that one report, if no others, during this debate.

The committee says, in substance, that Congress knows virtually nothing about what is done with public money, and has, as yet, no power to bind the ICA to any activity or country.

If Congress cannot find out what is done with public funds, appropriated to American agencies which are doling out grants, how is Congress ever going to find out about what is done in the dark places where our foreign-aid funds are lent to people whose names we never hear, and whose moves we never see?

Congress has a chance to close up this new sinkhole to drain away American wealth, before it becomes a permanent fixture. If we cannot cut off all new appropriations, we can certainly cut off appropriations to start new kinds of waste and extravagance. We have never done it yet, but now is the earliest we can begin.

Every time one foreign aid plan becomes obviously silly, our planners start a new spending plan, which keeps growing larger year by year. Military assistance rose, as aid to Europe was proved unnecessary. Now the planners intend to let military assistance taper off. Therefore, aid to neutrals must be pushed up.

Our people are told they must, like Atlas, carry most of the 2 billion people of the world on their weary shoulders. There is no end in sight. This is the old, old story.

In midsummer of 1951, the Senate Foreign Relations Committee was wrestling with a foreign aid authorization for India. The Senators were puzzled by the confusion of tongues. Let us listen to what they said:

Senator LODGE. Why don't you have one agency doing one function everywhere? Why have two agencies doing the same function?

Senator FULBRIGHT. ECA—

That is another one. It is ICA now. ECA was the forerunner of it.

Senator FULBRIGHT. ECA is running out of something to do in Europe and they have to go somewhere else or go out of business.

Senator LODGE. Why not have them go out of business?

Senator FULBRIGHT. They don't want to go out of business.

Is not that beautiful, Senators? It is still going on. That was in 1951.

Now, 7 years later, we are where we came in.

I believe it is time for Congress to stop, now, the futile task of cutting foreign aid spending, a few millions here and a few millions there. That is busy work, meant to keep Congress so occupied with the trees that it can never see the wood.

There is only one important issue. Does foreign aid spending weaken Communist strength? Does it help defend the United States? The answer to both questions is, "No."

Our assistance is not a deterrent to communism, nor does it protect the security of the United States. To believe it does is the grand illusion.

If our foreign spending is not a deterrent to communism, then it is a national diet of tranquilizer pills, fed to our people to convince them that tensions are being relaxed, while the danger comes ever nearer. Precious time is being lost and, when we learn of the real danger, it will be too late. The political road to Miltown is the road to national extinction. No responsible man can remain silent if he believes we are being propagandized to our ruin.

Let us refer to Korea for a moment. I do not know how much we have given Korea for military aid. The figures are top secret. But the vast area called Asia and the Pacific received only \$4½ billion of military grants out of a total of nearly \$19 billion since the end of World War II.

The countries on the long border stretching from Afghanistan to Japan were given only one-quarter of what we gave for all military assistance.

Korea is separated from the armed might of the Communist bloc only by an imaginary line, in the neighborhood of the bloody 38th parallel.

Free China is separated from the Communist land mass by a narrow strait.

The Philippines are in the direct line of aggression today, as they were in 1941.

Each of these valiant small nations is a roadblock barring the spread of Communist power to Japan, southeast Asia, and Australia.

The little war-torn nation of free Korea has drafted and trained her manpower to establish an armed force of about 700,000 men. It is the largest armed force in the free world, except that of the United States. It is meant to protect them against conquest, but it is also our shield against a sudden attack directed at the conquest of all Asia. Two of our best divisions are also in Korea.

Here is a recent story from the associated press, as reported in the Washington Evening Star, for May 27:

United States forces in Korea are woefully weak. Their unmanned battle positions are overgrown with weeds—an invitation to Communist attack. In contrast, the North Koreans and Red Chinese across the demilitarized zone, have built up an army in 4 years of armistice far more powerful than at any time during the Korean war.

The Communists have new jetplanes, new tanks, new artillery, and in the opinion of South Korean intelligence officers, they may also have atomic weapons. All the weapons in South Korea are either obsolete or obsolescent.

These programs are supposed to stop Communists. Listen to this—I am still reading from the Associated Press article—

This is how the opposing sides stand today:

In the south, there are about 700,000 South Korean troops, about 80,000 Americans, including 2 infantry divisions and logistics and command units, and fewer than 5,000 other United Nations troops, including a British regiment in the process of being withdrawn.

In the north, according to intelligence reports, the North Koreans have reorganized and reequipped a 400,000-man army and the Chinese Communists have a 350,000-man garrison.

There are also, at least, a million Red Chinese troops across the Yalu River in Manchuria.

Senators will remember the Yalu.

The Communists have ignored the ban on new weapons.

They have shipped in 1,672 pieces, 340 new tanks, 500 jets, and 300 propeller-driven planes.

There are recurrent—but unconfirmed—reports that their new artillery includes atomic cannons with a range of 15 to 20 miles, which are manned by Soviet technicians.

That is from the Washington Star of May 27.

The report says that in the south there are 150 Sabres but all bombers have been withdrawn because of their age; and they have not been replaced.

The PRESIDING OFFICER. The additional time of 15 minutes yielded to the Senator from Indiana has expired.

Mr. KNOWLAND. Mr. President, I am authorized by the majority leader to yield an additional 15 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 15 additional minutes.

Mr. JENNER. Mr. President, I should like again to quote from the article:

South Korean generals, however, feel sure the Communists will invade the country again as soon as they feel able.

In that event, some officers here say, American troops on the scene might, of necessity, be expendable, if evacuation proved impossible.

Mr. President and Members of the Senate, if that story seems incredible, let me read from the official report prepared by Dr. John A. Hannah for the Senate special committee:

There still exists in Korea a state of suspended war.

The United Nations forces have continued to comply with the terms of the armistice agreement, which specifies that old equipment may be replaced only by equipment of the same type.

In consequence, we now have an assortment of largely obsolete World War II type military weapons.

We have not added to the number of airfields, and we have replaced wornout aircraft with aircraft of the type in vogue during the Korean war.

The Communists, however, have openly, flagrantly, and continuously violated the terms of the armistice agreement.

They have built new airfields and have moved into North Korea large numbers of modern jet aircraft and other modern military equipment.

They have actually fortified some of the positions within the neutral zone.

That is from the report of the Senate special committee.

The Communists have the newest jet-planes only 3 minutes of flying time from Seoul.

Our men and the Koreans can fly pre-jet planes of 1953, against the Communist jet planes of 1957, or they can sit and wait 40 minutes until our jet planes arrive from Okinawa—if our planes are not stopped on the way.

This is like asking the fighting men of World War II to meet the German panzers with the weapons of World War I.

If there is a surprise attack on our men and their Korean comrades they are

doomed—and there are 80,000 American boys sitting there as I talk this forenoon.

Perhaps the Red Chinese will send us a Western Union message, telling us in advance they plan to strike at Korea, but they are chivalrously giving us a few hours warning so we can get our planes over, in time.

That method has been used before. Perhaps they will. But do Senators think it likely?

I have sat in meetings of the Senate Subcommittee on Internal Security and listened to the stories, one by one, of our men who lived for years in Chinese prison camps. I remember among others, a young Negro, who came out broken and shattered. He felt his mind slipping into darkness. One of the older captives said to him, "dig your nails in the dirt, as hard as you can, so you won't lose hold." So he dug his nails in the dirt until they bled, and kept on digging and digging, so that he could hold to that little thread of reality and not break down, even after he was freed.

When I read in the newspapers that someone has decided we must observe the "cease-fire" in Korea, even if the Communists do not, I see young Americans, drafted by Congress to defend their country in this distant outpost, and I know their Government has deserted them.

Their Government is fussy about its agreement with the Red Chinese, but quite indifferent to whether its own men are killed without a chance, or left to be tortured in some Red prisoner-of-war camp.

Some people may be indifferent, but I am not. I cannot vote the money of my people in Indiana, and other States, for such a program, no matter how skillfully public relation writers say it is fighting communism.

Who is responsible for giving millions of dollars of American money to the free Koreans for military aid, but tying the gift up in knots so Koreans and Americans would be unable to defend themselves if the Communists attacked?

Secretary Wilson said several times, during the discussion, that Secretary Dulles was making up his mind to do something about it.

Why does the Secretary of State make the military decision on what kind of military weapons to give our fighting men?

Here we are coming to the heart of the matter.

I have pointed out, again and again, that effective control of our Military Establishment has been taken over by the State Department.

To make defense policy subordinate to State Department policy is, as I have said, to make it impossible for the United States to have a policy to defend our country by military strength, if diplomacy fails.

We know that important officials have stated, sometimes in doubletalk, and sometimes in plain English, that that is exactly what they wish to do.

They do not want our country to have the military power to insist on its rights, or to disagree with the majority in the United Nations, whatever their demands.

They do not intend to present this issue clearly to the American people.

What we learn from our foreign-aid studies is this: Somehow our military assistance programs are strong at every point but one. In Korea the weakness is lack of jet-age equipment. In Free China, it is lack of amphibious equipment.

Germany is being urged to build up its military power, but it is not allowed to have the two things it could use most skillfully—the general staff, and the atomic and other weapons, produced by the most modern industrial skill.

In Italy, the weak link is a treaty made too early, which bars rearmament.

In Austria, it is a treaty made too late, which imposes compulsory neutralization.

I call attention to the similarity with those novels and movies in which the hero is a marvelous performer on the trapeze. The poles and wires and other equipment are of the best, but the evildoer has found a way, in the night, to make the wires on the last lap of the performance an inch or so short.

Everything goes beautifully, with the greatest skill until the last moment. Then the performer, with all his art, is not quite able to reach the bar, and he crashes to death.

Is that the real pattern behind our large, expensive, energetic military programs, each of which falls short by a tiny margin, each of which falls short in a different place, but all of which will not be quite able to reach the bar, in the last act?

Do Senators see the resemblance to the carefully planned errors and omissions in our postwar policies in China and in Korea, by which we were to let China and Korea fall, but not let it look as if we were directing the play?

In an article in the Washington Daily News for June 10, 1957, Fred Sparks described the "silent crisis" in the Far East.

He said:

The new crisis has been created, not by bullets, but by talk and hesitation.

Talk of free trade with Red China, talk of neutralizing Formosa.

Hesitation to strengthen South Korea—while acknowledging North Korea's buildup * * *

While we were occupied with spectacular doings in the Middle East—the endless frictions between Arab and Israeli, the Soviet grab for power in the oil deserts—the prestige of Red China, which spoonfeeds its young a "hate America" diet, has been elevated to new arrogant heights.

What are the fresh fever points?

Why does the patient weaken?

Free Asians are not too discouraged by England's turn to trade with Red China.

The foreigner they depend on is the United States * * *

Just the other day, President Eisenhower (under terrible pressures) opened wide the possibility of American trade with Red China.

What now if (the free Asian soldier) hears of Detroit peddlers offering wares to this same Communist enemy.

Who can distinguish between military and nonmilitary cargo?

Cannot a civilian truck transport troops? Cannot a shovel spade a fox-hole as well as a garden?

In Saigon, in Bangkok, the Red underground [asks] "Well, see how it's going? America is shifting. Make the best deal you can, while you can."

[In Korea] we refuse to send in modern tools.

Our infantrymen, watching the black armistice line, are threatened with brutal beating when it should please Peiping again to push south.

You can assume, then South Korea's declining morale.

A militarized partisan Formosa is a club of peace.

That late giant, Philippine President Ramon Magsaysay, predicted that, without the shield of Formosa, communism would chain his own country in 3 years.

[Inside Red China] priests hold clandestine prayer meeting like ancient Christians in Roman caves. Today's "two Chinas" campaign means their slavery will never end.

If Formosa collapses, or if American merchant ships anchor in Shanghai [the overseas Chinese] resistance would be snipped like a ribbon before a new bridge.

They'd be a prefabricated fifth column.

These people are depressed.

Their mood is spreading.

The silent crisis is now.

The PRESIDING OFFICER. The time of the Senator from Indiana has again expired.

Mr. JENNER. I can finish in 2 minutes.

Mr. KNOWLAND. Mr. President, I yield an additional 2 minutes from my time on the bill.

Mr. JENNER. If we add to Asia the firm leaders of Germany, France, Italy, Austria, Scandinavia, Latin America, we have the story.

If we add together the atoms for peace treaty, the plans for disarmament, and the fadeout of our military assistance under State Department pressure, we have the picture.

Is that defense for America? Does that fool the smiling Khrushchev?

I hope Senators will look long and carefully at this authorization bill. It is a brilliantly drafted grant of elastic powers, which will cost us more in years to come than we could save by cutting 20 appropriation bills.

We, in Congress, have the ultimate power. The planners can never destroy our Constitution, our freedom, or our ability to defend ourselves, unless we give them our money.

Foreign-aid spending is the means to give the planners their easy money. It is nothing else.

Congress stands at the crossroads. If we do not vote to give them our money, their plans cannot succeed.

If we vote to give them billions more to spend, where in the world is anyone strong enough to stand against them?

Mr. KNOWLAND. Mr. President, I yield 15 minutes to the distinguished junior Senator from Oregon [Mr. NEUBERGER].

Mr. NEUBERGER. Mr. President, I intend to vote for final passage of the mutual security bill, because I do not believe the American people would prefer the alternative of defending the far corners of the free world against Soviet aggression entirely with our own young servicemen. I shall speak only briefly on the mutual security bill before us, because there are many Senators who, by virtue of their experience and their service on Senate committees concerned with these programs, can contribute far more than I to this debate. I intend only to

review, for the RECORD, some of the considerations which guide my votes on this bill and amendments offered to it. I think similar beliefs must also be in the minds of many thoughtful men and women in the State which I help to represent here; and who share my convictions of the need for the affirmative approach to mutual security represented by the bill now before the Senate.

Mr. President, I have studied the report of the Committee on Foreign Relations, both majority and minority views. I have listened to a good many of the speeches which have been given on this occasion and on past occasions on various phases of the overseas programs of our foreign policy which are popularly categorized under the general head of foreign aid.

I want to say at the outset that I am impressed with the report made by the Committee on Foreign Relations, which very plainly reflects the results of the most thorough, penetrating and far-reaching review of our overseas-aid policies to have been in Congress for many years. At the same time, I am also impressed by the vigorous minority report of my able senior colleague [Mr. MORSE] on the subject of how far the present bill falls short of the full conclusions and implications to be drawn from this thorough review made by the Special Committee To Study the Foreign Aid Program during the past year. However, I regret that I cannot agree with his conclusion of opposition to the entire bill. The report of the Committee on Foreign Relations recommending the present bill, in fact, itself recognizes that the bill only begins to approach the reorientation of our overseas programs which must be undertaken during the coming years. It offers a series of substantial changes in existing mutual security legislation, and it anticipates further changes in mutual security bills in future sessions of Congress.

Mr. President, I have confidence in the work which has been done and will continue to be done by the distinguished Senators who serve on our Committee on Foreign Relations, and on the subcommittee of the Committee on Armed Services which have joined in the review of our foreign-aid programs, and I have confidence in their intention that the American people should get for our tax dollars overseas programs which will be adapted as well as can be assured to the changing needs of our national security and our foreign policies in the modern world. There is a difference between the majority and minority reports as to how far the present programs, incorporated in S. 2130, depart from this goal. Speaking for myself, Mr. President, I do not see how we can resolve the differences between the present program and an ideal program on the Senate floor. The committee has done much work on this bill. We can make some additional changes by amendment. But on the final vote, we shall not have a choice between S. 2130 and a perfect bill—we shall have to choose between essentially the program presented in S. 2130 or no mutual-security program at all. Those are the

conditions under which we alone can and must exercise our responsibility as Senators. I believe, within the limits of these conditions, our responsibility is plain. It is to maintain the continuity of our essential overseas programs of our foreign policy. On this belief, I shall, after the votes on whatever additional amendment may be offered, vote for final passage of S. 2130.

MUTUAL SECURITY PROGRAM HAS PROTECTED
AMERICA'S OWN SERVICEMEN

I have been among those, Mr. President, who have been disturbed over the overwhelming priority which has been given to funds for purely military programs abroad over more constructive, long-range programs of basic economic development—peaceful programs designed to help raise living standards of the peoples among whom the next generation of Americans will live as a small minority on a shrinking globe. In this military emphasis, we have often ignored essential differences between totalitarian governments and free democracies—differences which should be basic to our whole philosophy of international relations—as my senior colleague points out in his minority report. We seem to have been indifferent to the internal nature of foreign regimes, and to the consequences in foreign nations of our military assistance to those regimes, in our eagerness to build or maintain national resistance to Soviet and Chinese communism throughout the world. In the light of the revolutionary changes in the means of defense which are today taking place almost before our eyes—actually faster than their implications can be evaluated—we shall need repeatedly to re-examine this relative emphasis, to determine how fast we can and must make a change from outmoded military to modern political and economic goals for our programs of international cooperation.

But, Mr. President, as far as our present, immediate program is concerned, I cannot agree with those who would end completely or drastically cut our mutual security program before the new programs we need have been developed. As I have listened to the very able and sincere speeches which have been made, in the name of economy, against the mutual security program, I have thought of our soldiers stationed in the farflung sectors of the free world. I have wondered why some of the opponents of foreign aid, who are so disturbed and aroused over sending our dollars overseas, seem to express none of these same worries about sending our soldiers overseas. Are we more concerned about dollars than about our flesh and blood? I refuse to believe that, Mr. President—and yet, why do we hear such concentrated attacks against mutual security with money while we accept the policy of committing our soldiers, sailors, and airmen to remote and distant bases?

Have we reached the stage where the United States Senate is asked to be internationalist with soldiers but isolationist with dollars?

Let me cite a few of the places beyond our own shores and borders where

Americans in uniform are now stationed. They include Western Europe, north Africa, countries in the Far East near Communist China. I asked the staff expert on this bill of the Committee on Foreign Relations, Mr. Pat Holt, to give me some data on the relationship between our own military overseas manpower commitments and the military aspects of the mutual security programs. I ask unanimous consent that paragraphs of his very helpful memorandum, which have a direct bearing on the point I am presenting, be included in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Most of the detailed figures which would tend to bear out your point are classified. However, the following unclassified information might be useful:

1. As of December 31, 1956, the United States had 731,623 Army, Navy, or Air Force personnel in foreign countries or on ships based in foreign ports. Figures by countries are classified, but the most important countries so far as numbers are concerned would be Germany, Japan, Korea, and Italy. In addition, there are important Air Force units in the United Kingdom, Iceland, Greenland, Morocco, and Libya. This listing is by no means all inclusive.

3. In 1950, the ground forces of nations receiving military assistance numbered about 3.5 million men, not very well equipped and with varying degrees of training. At the end of 1956, these ground forces totaled 4.8 million men, better equipped and better trained. In 1950, these allies had less than 1,000 combat naval vessels; at the end of 1956, they had more than 2,300. In 1950, the allies had 11,000 conventional military aircraft and less than 500 jets; at the end of 1956, they had more than 12,000 conventional aircraft and nearly 11,000 jets.

4. The annual cost of maintaining a Turkish soldier is \$105. For a Korean soldier, it is \$117; for a Nationalist Chinese, \$172, for an American, \$3,511.

5. All but 2 of the 8 United States divisions at one time in Korea have been withdrawn. Admiral Radford testified this was made possible by the buildup of 21 Korean divisions.

6. Military aid to Europe in the period 1950-56 totaled \$12.3 billion, or 4.5 percent of total United States defense expenditures in the same period. European NATO countries have contributed 85 percent of the total cost of their defense programs and have supplied 60 percent of the equipment. In 1956, European NATO defense expenditures were at an all-time high of \$13.3 billion, as compared to \$11.9 billion in 1955, \$12.2 billion in 1954, and \$6.0 billion in 1949.

7. Aside from the NATO forces themselves, the NATO infrastructure program has built more than 140 airfields, some of which are occupied by United States forces, and all of which would be available in an emergency.

Mr. NEUBERGER. Mr. President, I think these facts speak for themselves. I cannot debate whether or not there have been ill-considered programs, inefficiency, waste, or other failures within the overall scope of our foreign-aid programs. But the mutual security policy, and before it the Marshall plan, have been the keystones of our foreign policy for 10 years. To abandon mutual security by defeating this bill is not a question of authorizing this or that expenditure of money. It is, rather, to attempt to legislate a new foreign policy

for the United States—some new policy which has not been prepared by any responsible official in our Government and of which we would have no way of knowing what it really might be. In many respects, many of us want the President, the Secretary of State, the National Security Council to prepare new policies—but until this is done, I think it cannot be done by a vote of the Congress to end the present programs which are central to our existing policy.

ADMINISTRATIONS OF BOTH PARTIES HAVE RELIED ON MUTUAL SECURITY POLICY

There has been great continuity in this policy throughout changes of administration. Presidents and Secretaries of State of both great political parties have stated flatly and unequivocally that mutual security is essential to preserve the peace and to strengthen the free world. Surely men as diverse in outlook and background as George C. Marshall, Dean Acheson, Harry S. Truman, John Foster Dulles, and Dwight D. Eisenhower cannot all be completely wrong.

If these leaders of our Nation are willing to stake their reputations on the efficacy of foreign aid, I am not going to eliminate that aid as long as I am helping to commit, with my vote, some young American to military duty in a distant land where our President or Secretary of State contends that aid may be necessary.

When I was brought up as a high-school boy in the State of Oregon, I used to hear speeches by leaders of veterans' groups that, if ever there was another war, there would be no more war millionaires. It was claimed that we would be more concerned about men than about dollars. It was said we would draft capital as well as human beings. Today, however, we appear to have arrived at an opposite pole. Senators are asked to accept complacently the drafting of young Americans for overseas military service, but at the same time opponents of foreign aid in and out of Congress object strenuously to the appropriation of about 10 percent of our own, national defense budget for mutual security assistance to foreign nations to make more secure the realms in which these soldiers of ours may be stationed in our own defense. What kind of logic is that?

Mr. President, as the memorandum I have placed in the RECORD shows, in 7 years there has been great progress in the military strength and effectiveness of the forces of our allies which have received mutual security assistance. And it is clear that, even if there has been occasional inefficiency, there is economy in this strength. Turkey, for example, has been one of our staunchest allies receiving mutual security funds, which are at stake in the present bill. Turkey has in being a strong, valiant, and resourceful fighting force in a strategic area of the globe, a bulwark against Russian aggression in the Near East. Our funds help to maintain these Turkish forces. It costs about \$100 a year, the memorandum shows, to supply and support a Turkish soldier. By contrast,

it costs about \$3,500 annually to provide for an American soldier, because our soldiers receive far more ample pay, food, clothing, medical care, and other benefits than Turkish soldiers.

If our funds were not to be used to help keep in existence that Turkish Army, should we surrender the eastern Mediterranean to the Soviet Union? Should we put an American Army into that region over the opposition of the people of those countries themselves?

Even if this should be feasible, which I think it is not, would the opponents prefer to send American soldiers abroad, at much higher cost than mutual-security funds, to guard those distant lands, or would they prefer to abandon them to the Soviets? These are the hard questions which must be answered by those who would have us vote against continuing the mutual-security program by this bill.

MUTUAL-SECURITY AND TECHNICAL-ASSISTANCE PROGRAMS HAVE SUPPORT IN OREGON

In conclusion, Mr. President, I want to refer to some of the expressions of support for our foreign-aid programs which I have received from men and women in Oregon. I am sure all Senators shared my own experience of having received a great many letters in opposition to continued foreign aid earlier this year, when the attack on the President's budget was at its peak. At that time, on March 29 to be precise, I stated publicly that the President alone, by a strong public statement of the importance and value of our overseas programs, could save them from destruction in the name of supposed economy. I was glad that, early in May, the President did go on a nationwide television program to defend the foreign-aid program he had sent to the Congress.

Unquestionably, President Eisenhower brought the importance which he attaches to this program home to a great many people, whether or not he convinced many of those who had opposed foreign aid. In any case, Mr. President, I have received in recent weeks many letters in support of the principle of mutual security, technical assistance, and related programs, and I think the extent of that support in Oregon will be of interest to the Senate. I ask unanimous consent, therefore, to have a representative selection of some of these letters placed in the CONGRESSIONAL RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CORVALLIS, OREG., May 20, 1957.

Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR NEUBERGER: I urge your support for foreign economic aid in voting for adequate appropriations for economic aid to underdeveloped countries, long-range development funds, and that no cut be made in appropriations for U. N. technical assistance.

We cannot refuse to be concerned with the needs of new nations in Asia and Africa. They have little capital of their own to raise their standards of living. Easy-term loans from the United States would lessen the need for forced savings of already impoverished people, which is the way of the Soviet Union and China.

Our failure in assistance will force these nations to accept help from communistic governments. We need to give them aid to prevent further spread of communism and strengthen our own security.

Will you kindly send me a copy of the final report of the Senate Special Committee To Study the Foreign Aid Program? I would also appreciate being added to your mailing list of your newsletter.

Sincerely,

ETHEL N. SMITH.

NORTH BEND, OREG., May 20, 1957.
Senator RICHARD L. NEUBERGER,
Senate Office Building,

Washington, D. C.

DEAR SENATOR NEUBERGER: I feel very much concerned for the fate of our foreign-aid program in view of the wave of sentiment for a reduction in the budget which is sweeping the country. The amount now spent on economic aid and technical assistance is already small—it should not be reduced. I hope the Congress will not be misled. There is a large segment of the people in favor of more rather than less aid to underdeveloped countries, but not organized into a pressure group.

Yours sincerely,

PEARL BEACLE.

P. S.—I enjoy the letter "Washington Calling" very much.

CORVALLIS, OREG., May 19, 1957.
Senator RICHARD L. NEUBERGER,
Senate Building,
Washington, D. C.

DEAR SENATOR NEUBERGER: I am glad that you are supporting the continuance of our foreign aid. It seems to me the best economy in the long run, for it offers the best hope of our being able to cut on large military spending if we can help reduce some of the causes of war.

Very sincerely yours,

Mrs. KATHERINE H. READ.

May 18, 1957.

Senator RICHARD NEUBERGER,
Washington, D. C.

DEAR MR. NEUBERGER: We believe that President Eisenhower's budget request should be granted. We believe this for we remember the sad results of other defense economy drives after World War I, in the years before Pearl Harbor, after World War II, and on the eve of Korea—when great harm was done in the name of economy.

The country is prosperous now and we think it can stand a tax to back this budget which may very possibly prevent another war. Since we can survive a stiff tax but we cannot survive another war, we ask that you use your influence to vote our President the budget of \$71,800,000,000, which he believes necessary. Please vote the budget.

Thank you.

Mr. and Mrs. MARK LAFKY.

PORTLAND, OREG., May 18, 1957.

DEAR SENATOR NEUBERGER: With respect to the current argument over the budget, I want you to know that I think Federal tax money which I pay is money well spent. I'll continue to think so as long as Federal spending contributes to the general welfare (and that includes Federal power developments). I think it would be a great mistake to sacrifice any foreign policy objective (such as economic aid) for the sake of a tax cut. Wars and maintaining overseas defenses are much more expensive than the economic aid necessary to enable some of these countries to pay their own way (and provide new markets for us).

I think, as I'm sure you do, that the test should be, is the money being well spent. There is no doubt that the country can af-

ford the taxes—indeed they should be higher as a counterinflationary measure, with the difference put into paying off the national debt to increase the investment capital available. I hope you will stand firm against this whining by the commercial interests who can't see anything further away than their own cash register and bank account. As for the rest of the country, I think most people like Federal benefits and understand that it takes money to provide them. These people probably aren't writing letters, but that doesn't mean they don't feel this way.

Sincerely yours,

ALAN S. MAREMONT.

COOS BAY, OREG., May 16, 1957.
Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR NEUBERGER: I've been hearing consternation over the feared cut in point 4 and economic aid in the most unlikely places lately—from persons not in the League of Women Voters or other politically active groups—and apparently because of the wider great decisions participation.

There's a feeling among more people than ever here that we must unquestionably maintain at least our present level of assistance (even if private investment needs to be added) if our own Nation is to survive. Some insight has been achieved into the attitudes and demands—and power for good or ill—which resides in peoples entirely outside our control.

This may be overoptimistic, but it seems possible that among people who think at all (even if they don't think like us), there may be more understanding about our foreign relations than there is courage among Senators. Why, I know one State PTA board member who actually doesn't believe in social security, yet gives the pitch for point 4 and economic and military assistance with all the conviction of the saved.

As usual, you will be showing courage for several years to make up the deficit. Please don't take time to answer my letter, though I would appreciate it if you would send me the final report of the Special Committee To Study Foreign Aid, when it is completed.

With my appreciation.

MAXINE CHAMBERS.

FIRST METHODIST CHURCH,
Eastside, Oreg., June 2, 1957.
Senator RICHARD NEUBERGER,
United States Senator,
Washington, D. C.

DEAR MR. NEUBERGER: The official board of the Coos Bay Methodist Church authorized me to contact you stating our position on technical and foreign aid to underdeveloped countries. We hope that you will use your influence on this very important matter.

We urge that the United Nations program of technical assistance and the United States program of foreign aid be supported on a long-range rather than annual basis. We urge that safeguards be provided to insure against such aid being used for either military or political expediency.

We believe that economic assistance, which seeks to make the benefits of scientific advance and industrial progress available for the improvement of underdeveloped areas in an example of both Christian love and practical international brotherhood.

We believe the personnel employed in these projects should be of the highest character and should ever seek, through the implementation of the aid program to develop better human relations as well as better economic conditions.

Very truly yours,

Mrs. ALBERT KELLEY,
Secretary, Christian Social Relations.

THE LEAGUE OF WOMEN

VOTERS OF OREGON,

Corvallis, Oreg., May 21, 1957.

The Honorable RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR NEUBERGER: The League of Women Voters of Oregon is seriously concerned with the current drive for economy and for drastic cuts in the President's budget. Among the most vulnerable targets are the United States economic aid and United States and United Nations technical assistance programs.

It is businesslike and farsighted to recognize that our own growth demands ever expanding markets for our goods. Such markets are not found in underdeveloped and unstable countries, though their population and resources make their potential great. It is in our national self-interest to invest in the future of such countries, in order to make them good training partners. It is well to remember that within these countries lie 73 percent of the strategic raw materials that we must have access to in order to keep our industrial plants going and our defenses strong. Budgeting millions for aid now is one line of defense against spending billions for war later. Economic aid is the best insurance policy we can buy.

The League of Women Voters of Oregon unanimously reaffirms strong approval of economic aid to underdeveloped countries, and requests that no cut be made in appropriations for United Nations technical assistance.

I would appreciate very much receiving a copy of the final report of the Senate special committee to study the foreign-aid program.

Sincerely,

Mrs. CHARLES FORD,
President, League of Women Voters
of Oregon.

THE LEAGUE OF WOMEN

VOTERS OF EUGENE,

Eugene, Oreg., May 19, 1957.

The Honorable RICHARD NEUBERGER,
United States Senate,
Washington, D. C.

DEAR SIR: We are writing to urge your support of the foreign-aid program in President Eisenhower's budget. The League of Women Voters has been vitally interested in international relations since the league's beginning. We have studied many phases of foreign affairs with special emphasis in later years on aid to underdeveloped countries. We believe that help given now may prevent war later. This is our primary consideration.

Our trade survey of 2 years ago showed that most businesses are aware of the importance of world trade. Areas which are at present unable to take their places in the free world markets will be assisted through the foreign-aid program. We believe that economic aid to these countries is just good business. We also realize that economic aid alone will not do the job, but that the people must be taught modern methods of agriculture, engineering, and manufacturing; therefore we strongly support the United States and the United Nations technical-assistance programs.

May we urge your full support of the President's foreign-aid program? We are aware of the great pressures for across-the-board cuts, but we feel that this is one area in which the American people cannot afford to spend less—we have too much to lose.

Thank you for your consideration of our opinions and your cooperation.

Very truly yours,

Mrs. A. W. ROECKER,
President, League of Women Voters
of Eugene.

THE LEAGUE OF WOMEN
VOTERS OF CORVALLIS,
Corvallis, Oreg., May 16, 1957.
The Honorable RICHARD NEUBERGER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR NEUBERGER: Please send me a copy of the final report of the Senate Special Committee To Study the Foreign Aid Program.

The League of Women Voters of Corvallis is concerned that the pressure Congress is receiving for budget cuts may endanger the foreign-aid program.

League members believe that economic aid is the best insurance policy we can buy. Also it is good business and in the national self-interest to remember that within these countries lie 73 percent of the strategic raw materials necessary to keep our industrial plants going and our defenses strong. For the security and peace of the world, it is necessary for us to help the underdeveloped countries meet human needs and achieve economic and political independence.

Very truly yours,

Mrs. JOHN W. WOLFE, President.

Mr. NEUBERGER. Mr. President, I think I have about 2 more minutes of the time yielded to me by the Senator from California [Mr. KNOWLAND].

Before I relinquish the floor, I simply wish to say that, as I see it, the bill now before the Senate, S. 2130, is not a perfect piece of proposed legislation. Undoubtedly, if some other group of Senators had drafted it, it might be somewhat different. But, as I see it, the choice before the Senate is whether we shall have S. 2130 or no mutual-security program at all.

I believe the mutual-security program, notwithstanding all its defects and deficiencies—and any program drafted or proposed by human beings will contain defects and deficiencies—has helped to contain Communist aggression and has helped to save and protect large areas of the free world.

I again desire to emphasize that the proponents of the bill have raised thus far no objections to the commitments of American soldiers to far-flung areas of the globe. Young men are being drafted—husbands, fathers, sons, nephews, and grandsons are being taken from their homes—and are being sent to defend remote parts of the world. The opponents of S. 2130 accept that fact. Yet when it comes to sending some of our dollars to those areas in an effort, perhaps, to reduce the likelihood of those young men having to participate in a dreadful atomic war, we hear strong objections and bitter opposition raised in the United States Senate.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. MORSE. I want the junior Senator from Oregon to know that his colleague is calling for a complete reorganization of the military manpower program. I think there is a terrific waste of manpower under the draft law. I do not think there is any justification for sending abroad as many men as are being sent.

Mr. NEUBERGER. I am very much pleased to know that the distinguished senior Senator from Oregon has requested such a review of the military program.

Mr. President, I close with the statement, however, that as we occupy our seats in the Senate, it is a fact that young Americans are manning and garrisoning bases and outposts in distant parts of the world. So long as we commit them to those outposts, I shall not flinch from being willing to vote money if the President, the Secretary of State, and the overwhelming majority of the members of the Committee on Foreign Relations are of the very firm opinion that those dollars may perhaps make it less likely that American Armed Forces in distant places will have to fight a war which might not only cost their lives, but might ultimately result in civilization being wiped from the face of the globe. I trust opponents of S. 2130 are not going to be internationalist with soldiers but isolationist with dollars.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the distinguished Senator from Rhode Island.

Mr. GREEN. Mr. President, yesterday during the course of the debate on S. 2130—the proposed Mutual Security Act of 1957—the junior Senator from Georgia [Mr. TALMADGE] enumerated a series of alleged mistakes and unwise expenditures in the mutual security program.

At the conclusion of the remarks of the junior Senator from Georgia I announced that I was requesting representatives of the executive branch to investigate the allegations and to prepare comments on them.

I have now received from the International Cooperation Administration comments prepared by the executive branch on a number of the charges made by the junior Senator from Georgia. I regret that the distinguished Senator did not see fit to check the accuracy of many of his statements before he made them.

Mr. President, I ask unanimous consent that the executive branch comments on the statements made yesterday by the junior Senator from Georgia be printed at this point in the RECORD as part of my remarks.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

TURNPIKE IN PORTUGAL

Senator TALMADGE: "While many of our farmers can't get their crops to market over muddy roads, we build a huge six-lane turnpike in Portugal to a gambling resort.

Executive branch comment: "No United States aid funds, dollars or counterpart, have been used for highway construction anywhere in Portugal. The highway referred to was built by the Portuguese Government and opened to traffic some 6 months before counterpart funds were released."

JAZZ MUSICIANS

Senator TALMADGE: "We have sent hot-lipped musicians abroad who have earned more money than the President."

Executive branch comment: "Public Law 860, 84th Congress, which is not part of the mutual security program legislation, authorized the President to provide for tours abroad by creative and performing artists and athletes from the United States to strengthen the ties which unites us with other nations by demonstrating the cultural interests, developments, and achievements of the people of the United States.

"Out of 86 cultural groups assisted since the inception of this program under supplemental appropriation in 1954, only 4 have

been jazz orchestras. While jazz has occupied a very small place in the program, it has proved unexcelled in reaching important segments of foreign audiences—particularly the younger stratum of the population often susceptible to Communist blandishments.

"To insure that groups selected for tours abroad represent America's cultural best, a selection panel of private independent experts in the field of music passes on the artistic qualifications of each group proposed. Groups assisted on the recommendation of this panel include orchestras led by: Dizzy Gillespie, Benny Goodman, Wilbur DeParis, and Ray McKinley.

"The Department believes that substantial benefits have accrued to the United States as a result of these tours. It is generally conceded abroad that American jazz has made a unique contribution to the world of music, and to young people in almost every country it represents freedom, vitality, and a new kind of musical expression.

"Recent news stories have widely misstated the costs to the Government of these tours. Some attention has focused particularly on the tour of the Dizzy Gillespie band, in the Near East. This orchestra normally performs in the United States at a cost of from \$8,000 to \$10,000 per week, but agreed to this tour for an 8-week period at a weekly fee of \$6,250. Even the normal fee of this orchestra is considerably smaller than those commanded by other top-ranking jazz groups. Revenues obtained from the tour reduced the cost to the Government. From the salary paid to the leader of the orchestra, he was required to employ a road manager and to defray that individual's salary."

USE OF AMERICAN KNOW-HOW

Senator TALMADGE: "While unfair foreign competition is closing the doors of numerous American industries, we continue to send our technicians and machines to foreign lands to provide the know-how to produce goods that will destroy markets for our own due to the vast differential between slave wages and free wages."

Executive board comment: "The more developed the country, the better customer it is, as the following table shows:

"Value of United States exports in 1955 per inhabitants of the country

Developed countries:

Canada.....	\$205.27
Netherlands.....	44.47
United Kingdom.....	17.99
Germany.....	11.90
Japan.....	7.16

Underdeveloped countries:

Egypt.....	3.40
Iran.....	2.55
Indonesia.....	0.91
Pakistan.....	0.70
India.....	0.49

ICEBOXES TO ESKIMOS

Senator TALMADGE: "Why, we have even built public rest rooms in the Philippines and bathing facilities for Egyptian camel drivers. We have sent collapsible toothpaste tubes to Cambodia, dress suits to Grecian undertakers and iceboxes to Eskimos."

Executive branch comment: "With regard to the 'rest rooms in the Philippines, dress suits for Grecian undertakers, public baths for Egyptian camel-drivers, and even iceboxes for Eskimos' charge, this is a complete fabrication, with no basis of fact whatsoever. With respect to toothpaste tubes, which of course are always collapsible, it may be that among commodities imported into Cambodia with ICA financing, toothpaste tubes were imported for filling in Cambodia, ICA cannot definitely check this item in the short time available."

ASSISTANCE TO SAUDI ARABIA

Senator TALMADGE: "We are spending millions of dollars for King Saud who maintains 24 palaces and has a fleet of 250 Cadillacs."

Executive branch comment: "The United States has maintained important and special relations with Saudi Arabia since World War II when King Ibn Saud permitted the United States to construct a strategic airfield at Dhahran. The United States, on April 2 of this year, concluded a new agreement with Saudi Arabia which provides for the use of facilities at this important airfield for an additional 5 years. The United States thus retains operation of the only landing and refueling point for aircraft between Libya and the Philippines. The recent round-the-world flight of B-52 bombers, for example, refueled over Dhahran."

"As part of the same agreement, the United States will continue to supply training services to the Saudi Arabian armed forces and will continue to assist in the operation of the civilian airport at Dhahran. Saudi Arabia will be permitted to purchase military equipment from the United States under the provisions of section 106 of the Mutual Security Act of 1954."

"The United States will also provide economic assistance for projects of mutual benefit such as a new air terminal at the Dhahran airfield and an expansion of the nearby port of Damman. This represents the extent of United States assistance to Saudi Arabia."

"It is also pertinent in this connection to note the significant role which King Saud is currently playing in the Near East. Saudi Arabia has given and is giving important support to help combat the menace of international communism. The United States welcomes this and has received substantial support from Saudi Arabia for American foreign policy objectives. Saudi Arabia has no relations with the Soviet bloc. King Saud has indicated his support for the American doctrine. He has just completed an important state visit to prowestern Iraq and is now on a visit to King Hussein of Jordan, whom he has supported against the opposition of subversive elements in Jordan."

RICE PRODUCTION IN KOREA

Senator TALMADGE: "While rice production is less here than in Korea, our technicians have gone there to try to tell them how to raise rice."

Executive branch comment: "The United States has not sent technicians to Korea to tell them how to raise rice. The principal occupation of Koreans is, of course, agricultural production; and through mutual security programs we have assisted in the general increase of agricultural production through demonstration of pest control, fertilizer utilization, and other technologies—none of them specifically directed to production of rice, although no doubt the rice farmer has been benefited from this assistance along with other farmers."

SILICA PLANT ON FORMOSA

Senator TALMADGE: "We built a silica processing plant on Formosa where there was not enough silica to justify its operation."

Executive branch comment: "1. Probable project referred to: Treatment plant at Suao for concentrating and finishing mica and quartz products from a mine nearby in Ilan Prefecture."

"2. United States aid furnished: \$37,000 in United States dollars for machinery and equipment. Loan of local currency of equivalent to approximately \$40,000 at current exchange rate for rehabilitation of mine and processing plant."

"3. Project development: Studies undertaken prior to the obligation of United States aid funds indicated that there were sufficient deposits of mica to justify undertaking this project. Construction of plant was completed in July 1954. Extensive exploration subsequently failed to locate sufficient quantities of mica for a commercial mining operation."

By this time about half the equipment had been installed. The other half has been stored pending allocation to other needs, and for this the Chinese Government has been requested to refund \$18,323.03 to the United States Government. The half that was installed is being usefully utilized in pulverizing talc and limestone."

PENSION PROGRAM FOR CHINESE NATIONALIST SOLDIERS

Senator TALMADGE: "We have set up a pension program for overaged Chinese Nationalist soldiers."

Executive branch comment: "Over the last 2 years through the mutual security program the United States has found it in its interest to contribute to the rehabilitation of retired Nationalist Chinese soldiers. This program has met a specific military and political objective in Taiwan and been considered a successful solution to the matter which has been of some concern to Formosan and United States representatives there for some time."

AIRLIFT OF MOSLEM PILGRIMS

Senator TALMADGE: "We have provided free trips for Arabs who wish to visit Mecca."

Executive branch comment: "In August 1952, the Lebanese Government appealed to our Embassy in Beirut for help to provide emergency transportation for approximately 3,000 Moslem pilgrims who were stranded in Beirut on their way to Mecca. Local airlines had oversold tickets on the normally scheduled and special flights that were to take Moslem pilgrims from all over the Moslem world to Mecca in time for the yearly pilgrimage ceremonies. When it was found that private American airlines could not fill the gap, the Department of State consulted with the Secretary of the Air Force, and it was determined that Air Force transport planes could be made available."

"The fact that the most powerful Christian nation in the world had come to the rescue of stranded Moslem pilgrims received considerable publicity in the Middle East and brought a grateful response from numerous prominent Moslems, many of whom had previously been hostile to the United States. The airlift also demonstrated to the people of the area the capabilities of the United States Air Force in an unmistakable manner. At the time it was made clear to the Lebanese Government that the United States could not be expected to repeat such an operation in the future and it was impressed upon those responsible that adequate planning for commercial transportation had to be undertaken during future pilgrimage seasons."

"In June 1956, at the request of the government of Afghanistan, the United States did supply an airplane to help transport Moslems from that country on their pilgrimage to Moslem Mecca. But the pilgrims paid their own way. They paid their fares in Afghan currency, which was used to further the joint Afghan-United States economic development program in this strategic country."

WAGE STUDY IN PHILIPPINES

Senator TALMADGE: "We spent \$501,097 United States dollars for a wage and position classification study for the Philippine Government, while we only spent \$204,076.29 for a special Senate committee study of the effectiveness of the entire \$62 billion postwar foreign-aid program."

Executive branch comment: "Over a 5-year period a contract with a leading United States management organization has been under operation, dedicated to the establishment of study of Philippine Government organization. This has included study and advice regarding wage and position classification but in reality has been a much broader undertaking since it provided technical help to the Reorganization Commission of the Philippine Government. This

Commission has been very similar to the Hoover Commissions in the United States studying the full Civil Service System in the country and the structure of government. From this study there has followed the establishment of a civil service and from it have flowed some 33 reorganization bills, over two-thirds of which have been passed by the Philippine Congress. In addition, a security and intelligence organization has been established, a civil aeronautics authority, and a department of commerce."

"The studies financed with this contract and the resulting improvements in the organization and management of the Philippine Government have constituted a necessary first step in strengthening the Philippine capacity to manage its own resources, meet its security objectives, and make a maximum contribution to the same objectives in which the United States has a major interest."

"Regarding the amount of money which the Senate Special Committee devoted to a study of the entire foreign aid program, this was of course a matter of entirely up to the Senate, which elected to devote \$300,000 to a short-term study."

OPERA SINGERS TO ITALY

Senator TALMADGE: "We have sent opera singers to Italy."

Executive branch comment: "Under the Fulbright Act (not the Mutual Security Act) grants are offered to American students for graduate study abroad. These grants provide for study in any field, including music, for which facilities exist for profitable study in the countries concerned. Study of voice is one of the fields in which grants are available in Italy. The young singers receiving these grants go to Italy for training, rather than performance. During the current academic year there are seven young vocalists now studying in Italy."

Senator TALMADGE: "We have built an Italian village that nobody wanted to live in."

Executive branch comment: "Presumably the reference is to the new village of La Martella, built in the province not far from the old city of Matera, in southern Italy, which was comprised of notorious cave dwellings. A number of the peasants of Matera lived in caves under wretched conditions. The caves were not owned by them, but rented. The rehousing project in the new village was only part of a rehabilitation project of land reclamation and resettlement in order to improve the economic opportunities of the inhabitants. The project was carried out with Italian-owned local currency counterpart funds (Italian lire paid by Italians to purchase Marshall-plan-provided commodities)."

"Actually, the resources available were not sufficient to eliminate cave dwellings entirely, but the worst of them were evacuated by resettlement. The new village of La Martella provided housing for peasants close to the land they worked."

"Some of the people had to continue to live in caves because the new village could not accommodate all of them. The new village is definitely inhabited."

Senator TALMADGE: "We spent \$2 million to provide water and public bath facilities for 200 Lebanese villages."

Executive branch comment: "The village water supply program in Lebanon is part of that country's own development program. It is a byproduct of the Litani River Basin development project, the first phase of which is being financed by an IBRD loan of \$27 million."

"The village water supply improvement program is an understaking of the Lebanese Government now in power, a Government which is strongly prowestern and which is now being voted on by the Lebanese people, and is a program designed to do something to improve the standards and living conditions for the Lebanese people. Its purpose is

to improve living conditions in the villages so Lebanese will be encouraged to stay in their villages rather than move to Beirut and Tripoli and thus bring about slum conditions in these urban centers.

"The United States has contributed about \$2 million of materials, supplies, and equipment for water supply improvements in about 175 villages. The Lebanese Government itself has spent more than \$7 million.

"The primary purpose of the project is to provide the villages with safe drinking water supplies.

"If there are any public baths connected with the projects it is simply because that where you have running water, a bath or water closet is a natural result."

Senator TALMADGE: "We have built iron and steel plants costing nearly a billion dollars in 24 countries."

Executive branch comment: "In the first period of the Economic Cooperation Administration's program in Europe the United States contributed substantially to the reconstruction of the iron and steel plants of almost a dozen European countries. This steel capacity obviously required rebuilding if Europe was to get on its own feet, which, of course, it has done very successfully. In other parts of the world through the Mutual Security Program there has been no assistance provided for the building of iron and steel plants. As a matter of fact very few of the less developed countries are in a position to finance and sustain a large industrial plant of this kind. There have been isolated instances of equipment provided under the aid program for scrap collecting plants but no iron or steel plants themselves."

CHAPTER III—ALICE-IN-WONDERLAND DEFENSE PLANNING

Mr. KNOWLAND. Mr. President, I yield 4 minutes to the distinguished Senator from Missouri.

Mr. SYMINGTON. Mr. President, 22 days ago, on May 23, Secretary of Defense Wilson, in a prepared statement before the Senate Military Appropriations Subcommittee, asserted that unless the Senate restored most of the millions which the House recently took out of the Air Force program, Congress would be "gambling unwisely" with the security of the Nation because some of the cuts made by the House "would have an immediate impact on our defense program."

But now the Senate has discovered that, through fiscal manipulation, Mr. Wilson has made arrangements to take some \$4 billion out of the Air Force, although only a few days ago he was asserting that unless millions were restored we would be gambling with the security of our Nation.

Only yesterday he told the press, "I have not got elastic dollars", and he also forecast a "gradual reduction in armed forces because of money difficulties."

This statement is made exactly 22 days after he announced in a prepared statement to the Senate:

I cannot foresee, at this time, any justification for a reduction in the Military Establishment, nor in the total annual military expenditures of the Department of Defense below the present level, short of a drastic improvement in the international situation.

And only 22 days ago he pleaded with the Senate as follows:

Don't take the cards and chips away from the people who have to try to work something out with the Russians.

Surely we are now entering the realm of Alice in Wonderland.

Apparently the high level conference now going on at Quantico is to include more than military discussion, because Mr. Wilson also announced to the press yesterday that Air Force Secretary Douglas was too hasty in making his carefully analyzed protest about Mr. Wilson's directive 7200.4. Mr. Douglas stated that this directive, plus the other recent fiscal restrictions, would impede Air Force procurement about \$4 billion in planned production of planes and missiles.

In addition to a discussion of military matters at Quantico, apparently there is to be some brainwashing, because the Secretary of Defense also announced in the press today that "the Air Force Secretary was hasty in making that statement and will correct it."

It is now becoming more and more clear as to just how the Department of Defense plans to handle this military budget. The Secretary believes that when his Comptroller brings over to the Senate the "telephone book" size volume that contains the budget, there will be no real detailed interest on the part of Congress. One can almost hear Mr. Wilson saying to his staff, "These congressional people really don't understand the problem. We will go over there and talk to them a bit, and pretty soon they will be out of town—they are plenty anxious to get out anyway—and after that we will apportion this money the way we believe best, regardless of what they think."

It is now very clear what Mr. Wilson believes.

But what does President Eisenhower believe? Does he believe that the defense program he presented to the Congress earlier this year as vital to our security, in the face of growing Communist strength, is one of dollars; or one of planes and ships and tanks and trained people?

What does President Eisenhower really want?

Does he support his own telecasted recommendation last month to restore Air Force funds over \$600 million—or does he support the more recent directive of his own Secretary of Defense to reduce Air Force funds over \$4 billion?

The Senate has the right to know before it votes.

Equally important, the people have the right to know: What does the President want?

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6500) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1958, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RABAUT, Mr. PASSMAN, Mr. NATCHER, Mr. CANNON, Mr. WILSON of Indiana, Mr.

JAMES, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6659) to extend and amend laws relating to the provision and improvement of housing, to improve the availability of mortgage credit, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SPENCE, Mr. BROWN of Georgia, Mr. PATMAN, Mr. RAINS, Mr. TALLE, Mr. KILBURN, and Mr. McDONOUGH were appointed managers on the part of the House at the conference.

MUTUAL SECURITY ACT OF 1957

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that at this time there may be a quorum call, without having the time required for it charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I call up my amendment identified as "6-12-57-C."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 26, in line 15, beginning with the word "There", it is proposed to strike out the remainder of the paragraph through line 19 as follows:

There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this action not to exceed \$710,000,000, which shall remain available until expended.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 hour.

Mr. LONG. Mr. President, I shall take much less than 1 hour for my opening statement on the amendment.

The amendment proposes to strike from the bill the second year's authorization of not to exceed \$710 million for so-called defense support.

The reason for the amendment is that this program has not been justified by a single line of testimony before the committee. The defense support, as the study committee itself so well recognized, is, for most part, nothing more than economic aid.

This provision of the bill is a proposal by the committee to hide away in the military budget a program for \$710 million of economic aid for the second year, without having any testimony to justify

the authorization of such a program. There was testimony about the proposed defense support for the fiscal year 1958, but there was no testimony about the proposed defense support for the fiscal year 1959.

It is my judgment and that of other Members of the Senate that Congress should not relinquish its control of the purse strings and should not make it unnecessary to look into the proposed economic support, which is nothing more than economic aid on a completely grant basis, without knowing what it is for and how it is to be expended. Congress should understand the foreign-policy considerations to justify such a program.

Lest Senators be under the misapprehension that the second year's authorization is a defense authorization, let them examine page 784 of the hearings, where they will see what the defense support for Korea was during the present year. They will see there, listed project by project, how this defense-support program includes the development of agricultural and natural resources, the development of industries and mining, the development of transportation, health and sanitation expenditures, education expenditures, public administration expenditures, and also expenditures for community development, social welfare, housing, and other projects of a general nature. These have not been justified for 1959. They have no place in any nation's defense budget, and they should not be authorized as a part of a military budget, on the basis of a blank check for \$710 million, without a single line or word of testimony, before the committee to justify any of it.

Furthermore, Mr. President, I should like to point out that the committee itself, while acting in the capacity of a study committee—the so-called Special Committee To Study the Foreign Aid Program—recommended throughout its report, time after time, that the so-called defense support be called what it actually is, namely, supporting assistance, rather than defense support, because much of it is completely unrelated in any direct sense to a nation's defense.

Mr. REVERCOMB. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Does the Senator from Louisiana yield to the Senator from West Virginia?

Mr. LONG. I yield.

Mr. REVERCOMB. I am very much interested in the argument the Senator from Louisiana is making. I should like to ask him if there is any relationship in the bill between defense support, which we are now discussing, and development assistance, which is provided for in another part of the bill.

Mr. LONG. In many countries persons are completely confused, and cannot tell one from the other. Many of our groups have said exactly that. In some foreign countries persons cannot tell whether they are being given development assistance or defense support. They are confused. The study group said it ought to be called development

or supporting assistance rather than defense support.

Mr. REVERCOMB. Is the money to be used for defense support based on loans or direct grants?

Mr. LONG. Direct grants; none of it whatsoever is repayable.

Mr. REVERCOMB. Does the Senator feel that under development assistance the same aid would be given as has been given in practice under defense support?

Mr. LONG. Much of the defense support is given entirely on that basis. Many of the recipient countries will never be able to repay it in any event. Much of the defense support goes to Korea, Formosa, Vietnam, Cambodia, Laos, and such countries, where it is regarded as dubious that they will ever be able to repay it. It seems to me, inasmuch as we are spending money to develop the fishing industry in Korea, and to develop upper watersheds, livestock, and other such projects, we could just as well distribute the money on a loan basis, and have some hope of getting it back, rather than give it all away, as proposed in the bill.

Mr. REVERCOMB. I am very much impressed with the inclusion in the bill this year of a provision for lending rather than direct grants. I think it is a great improvement in the bill, and a very necessary one.

Mr. LONG. I agree with the Senator.

Mr. REVERCOMB. I think it is necessary to put an end to the direct granting of funds, but defense support comes in another category, as I understood the Senator. Is that correct?

Mr. LONG. Yes. While I approve of the loan principle, I should like to point out to the Senator that there is at present available for direct grant, under the name of defense, an unexpended amount of \$1,700,000,000. The bill authorizes an additional \$800 million for such direct grant for this year. It authorizes an additional \$710 million of such direct grant next year, without hearing a word of testimony about the second year's need for the authorization.

Mr. REVERCOMB. Is the purpose of the amendment of the Senator to strike out completely the defense support provision?

Mr. LONG. Not at all. The amendment I am offering is merely an amendment to strike out the second year's authorization, that for fiscal 1959. I anticipate that in 1959 we will have an authorization and an appropriation for defense support. What I am contending is that it is irresponsible and that Congress is not discharging its responsibility to the public or performing its duty when it authorizes \$710 million for defense support, most of which will be for economic aid, for the next fiscal year—fiscal 1959, 2 years from now—without ever hearing one word of testimony to justify any of it.

Mr. REVERCOMB. Will the Senator yield further?

Mr. LONG. Yes.

Mr. REVERCOMB. Does the Senator contend that some of the funds which would be directly granted under defense support as a matter of fact properly

come under development assistance, for which loans are provided?

Mr. LONG. Yes, that is quite correct, and the reports that came back from all our study groups were to the same effect.

Mr. REVERCOMB. To what extent would that occur? In other words, to what extent would defense support be taken care of, as now practiced, under development assistance?

Mr. LONG. I regret to say that the statement which I hold in my hand has been labeled secret. I can see no reason why it should be labeled secret, but this is the current program for the fiscal year 1958. It is an itemized statement of defense support for Korea. The report is available to the Senator, although it is not available to the public. He will see that a large amount of the money—a major portion of it—is for development of agriculture, industry, mining, transportation, health facilities, sanitation, education, public administration, community development, social welfare, and housing. Every bit of that could be just as well under development assistance as under defense support, and should be, and the special groups that studied the matter said it should be under some such title.

Mr. REVERCOMB. I thank the Senator.

Mr. FLANDERS. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG. I yield for a question.

Mr. FLANDERS. The Senator from Louisiana has criticized the appropriation at this time for assistance extending into fiscal year 1959.

Mr. LONG. I am criticizing an authorization for 1959, for which no testimony or evidence has been presented.

Mr. FLANDERS. I may say, from my own investigations into the effectiveness of our assistance, much of the criticism is directed at foolish and lavish expenditures. There is, however, another type of criticism, which seems to me valid, and that is that much of our assistance has been of a haphazard nature—available this year, withdrawn next year, and something else undertaken somewhere else. Some of the items of assistance require continued support and some assurance of such support. I can conceive that the extension of authorization into 1959 might assure a better continuity.

Therefore, I should like to ask the Senator from Louisiana whether he would be favorable to a policy of continuity of assistance, where that is evidently required, even though he is against implementing it by authorizations for the succeeding fiscal year.

Mr. LONG. I suggest to the Senator that the precedent of the Marshall plan would be a good example of the way this program should be administered. The Senator will recall that under the Marshall plan we were told that it was going to be a 5-year program, and we were asked to vote for the first year's increment.

We were told after the first year we would have an opportunity to look at the program and see whether we were will-

ing to go along with a second year's increment, or with the third, fourth, or fifth year's increment. It was a 5-year program. We recognized it as such, and we voted for it on that basis.

I am saying in this instance if additional authorization is wanted, let those who want the additional funds come before Congress and state what they want funds for in 1959.

As the Senator perhaps knows, we have been told of inexcusable waste, inefficiency, and mismanagement of these funds. Now Congress is asked to vote \$800 million for next year and \$710 million for a second-year authorization without even having a chance to look into the mismanagement that might occur in the first year, to see whether the funds are necessary in the second year, and without any knowledge of what the final costs might be.

While it is desirable in some cases to have a continuing program, with increments year by year, when there has been no testimony as to what the second year's cost will be there is no justification for providing such an authorization without knowing or without having any evidence on what the cost for the second year may be.

Mr. FLANDERS. Am I to judge, I will ask the Senator, that his attitude would be sympathetic toward any sensible continuing program?

Mr. LONG. I believe it would make very good sense if the administration would come to Congress and attempt to have adopted a program which had some ultimate end to it, some final conclusion, or which held out some hope that eventually the program would be concluded, rather than for the Government to be spending money year by year without any hope whatever of ever arriving at some definite result. That would be a very fine idea. If we could have some indication of something of that sort happening, I would be very favorable to it; but I see no reason why we should authorize the foreign-aid program more than on a year-to-year basis. We do not do it for our own programs.

The loan program, as I pointed out to the Senator, could be effective on that basis. In other words, \$500 million could be made available for development loans, and that should certainly be considered on a long-term basis, with a loan repayment schedule which would be related to the program and make possible the repayments.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me, on my own time?

Mr. LONG. I was asked previously to yield to the Senator from Georgia [Mr. TALMADGE]. I will yield to the Senator from Wyoming immediately thereafter.

(At this point Mr. LONG yielded to Mr. TALMADGE, to corroborate some statements made by him yesterday which had been questioned. On request of Mr. LONG, and by unanimous consent, Mr. TALMADGE's remarks were ordered to be printed in the RECORD following Mr. LONG's speech.)

Mr. O'MAHONEY. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. O'MAHONEY. A short time ago, before he yielded to the Senator from Georgia, the Senator from Louisiana was holding in his hand a document which he said was classified. I find, on page 784 of the hearings before the Foreign Relations Committee, at the bottom of the page, a list of fiscal year 1957 defense support program items for Korea. This seems to be a list of projects involving agriculture and natural resources, industry and mining, transportation, health, sanitation, education, public administration, and so forth, including food, feed, and fertilizer.

Am I to understand from the Senator that these expenditures for the defense program in Korea in 1957, which are listed in the hearings, are the same character of expenditures as are contained in the program for 1958, and which are enumerated in the list which the Senator has on his desk, but which is marked "classified"?

Mr. LONG. The Senator is entirely correct. The secret document contains the same items for the next year at slightly reduced figures. It contains almost exactly the same items, all of them economic in character.

Mr. O'MAHONEY. Who made the document "secret"?

Mr. LONG. I have no idea who made the document "secret." I assume it was someone in the State Department who classified it.

Mr. O'MAHONEY. Was it made secret by the President?

Mr. LONG. Someone acting for the President, I assume, in the State Department.

Mr. O'MAHONEY. Was there any allegation at the hearing that the President had made it secret?

Mr. LONG. I regret to say that I cannot answer the question as to who made it secret. Personally I do not believe it should be.

Mr. O'MAHONEY. Is it not a fact that this document is available to all the members of the Foreign Relations Committee?

Mr. LONG. Yes. It is available also to Members of the Senate, generally.

Mr. O'MAHONEY. Who made it available to Members of the Senate?

Mr. LONG. In most cases the procedure has been that a Senator has been regarded as a sufficiently safe security risk to see secret information. I must say to the Senator, in all candor, that there is a great deal of information we are never permitted to see. The Senator knows that as well as I do. In this case I do not believe there is any objection to a Senator seeing the list.

Mr. O'MAHONEY. But the objection is to the public seeing it.

Mr. LONG. Yes. The objection is to the public knowing it.

Mr. O'MAHONEY. It may be revealed to the public next year, however?

Mr. LONG. Yes.

Mr. O'MAHONEY. Just as the 1947 expenditures were made public after the fact.

Mr. LONG. To be completely fair, it is contended by the Department that if the foreign country sees a statement of the funds it is supposed to get, if it does

not get quite as much as is shown on the sheet, it will feel that it has been short-changed. The Senator will recall that some years ago the French complained bitterly that we did not give them as much money as they had been promised.

There is a considerable amount of flexibility in the operation of the program. Funds may be transferred from one country to another. The main argument for secrecy is that once a country learns that a certain sum has been placed upon the sheet, if any of the money is transferred to some other country it will object, because it did not receive what it expected to receive.

Mr. O'MAHONEY. It is not the people of the foreign countries who are being shortchanged. It is our own people.

Mr. LONG. I quite agree with the Senator.

Mr. O'MAHONEY. It is our people who put up the money for these expenditures.

Mr. LONG. I quite agree with the Senator.

I read from the committee study report. This is the same group of Senators who reported the foreign-aid bill. I read from page 25 of the study committee report on foreign aid:

The committee believes that any change in legislation which would deny to the Senate the full review of supporting aid—

It is called supporting aid in this report—

would raise dangers of failure to adjust this aid to changing circumstances. It would raise dangers of an undue expansion of supporting aid programs, and unnecessary and excessive demands upon this country.

This is the same Foreign Relations Committee, sitting as a study group, saying, "Do not do a thing like this. It is bad," and then bringing us a bill exactly the opposite of what they recommended as a study group.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. KNOWLAND. Is it not a fact that an annual review will occur in connection with the appropriation bills?

Mr. LONG. Here we are with the committee's report. The committee says that this supporting aid should not be hidden away in a defense bill. The report terms it "supporting aid" and the committee says that it should not be hidden away in a defense bill, but it should be set forth as economic aid, where it can be revealed as such.

(At this point Mr. LONG yielded to Mr. DIRKSEN, who commented on the statement of Mr. TALMADGE. On request of Mr. LONG and by unanimous consent Mr. DIRKSEN's remarks were ordered to be printed in the RECORD following Mr. LONG's speech.)

Mr. LONG. Mr. President, I have just a few words to say in conclusion. Let me just make this further statement. In addition to this money being loosely handled—and perhaps there are some charges about the program which cannot be sustained—in this particular program for defense support, our money is being frittered away all over the

world—and I make this statement advisedly, and I can prove it—by the hundreds of millions of dollars, because we are permitting ourselves to be shortchanged on the exchange of currencies. I refer Senators to pages 651 and 652 of the hearings before the Committee on Foreign Relations.

I should like to tell Senators what is supposed to be done. This is how \$710 million is supposed to be disposed of. First, we would buy the commodities. Then we would ship the commodities to foreign countries. The commodities would then be sold for local currencies. The local currencies would be used for the purposes set forth in the statements and justifications, to develop resources and various other purposes. The point is that when we ship the commodities, we permit a handful of merchants in the foreign countries to take the commodities and to sell them into the foreign economy. When they sell them, they do not give us a fair exchange on the currency.

I refer to the administration's own witness, as he testified on page 651. He explained that in Vietnam we get back from the merchants less than 50 cents on the dollar for the support of the Vietnamese Government, instead of what we should be receiving. That is the administration's own witness making that admission. I point out to Senators that in that one country alone there is a loss of about \$120 million a year for the benefit of 2,000 Indochinese merchants. That does not benefit their country at all.

The same thing is true—perhaps to a lesser extent, but nevertheless true—in Korea.

The same thing is true—perhaps to a lesser degree, but nevertheless true—in Formosa.

I was talking to a person who had just returned from Korea. He explained to me that he was not permitted to pay for his hotel bill in their local currency, which is the hwan. He was required to pay his bill in American dollars, because of the exchange rate that is in effect, under which the American taxpayer is being shortchanged. The shortchanging is not perpetrated on the local citizens, because they know about it.

Therefore, Mr. President, no other program is more in need of being reviewed and studied every year on a yearly basis than this one.

There is no justification for supporting a second year authorization. This is an economic program. This authorization is contrary to what the committee itself recommended when it was studying the matter.

For that reason, the second year authorization should be stricken until it is justified by responsible testimony.

Mr. President, although there are very few Senators on the floor at this time, I should like to ask for the yeas and nays on my amendment.

Mr. JOHNSON of Texas. I join in the request of the Senator. I think the Sen-

ator should have the yeas and nays on his amendment.

The yeas and nays were ordered.

During the delivery of Mr. LONG's speech.

Mr. TALMADGE. Mr. President, will the Senator from Louisiana yield to me at this time, for the purpose of enabling me to corroborate some of the statements I made on the pending bill yesterday and which appear in the RECORD.

Mr. LONG. I yield.

Mr. TALMADGE. Yesterday in my address on the pending bill, I made several statements which indicated to me doubtful expenditures of the taxpayers' money concerning the security of our country or of the free world. The accuracy of some of those statements has been questioned by an insertion in the RECORD yesterday on page 8056, by the distinguished Senator from Utah [Mr. BENNETT]. The accuracy has also been questioned by the distinguished chairman of the Committee on Foreign Relations, the Senator from Rhode Island [Mr. GREEN].

For both Senators I have great love, affection, and respect. In view of the questions raised, I believe, I should cite my authority for the content of some of the illustrations I used yesterday.

I made the statement that \$60 billion had been spent since the conclusion of World War II on aid of all sorts to foreign countries. The accuracy of that statement has been challenged. The distinguished senior Senator from Louisiana [Mr. ELLENDER], on the floor of the Senate on June 28, 1956, as appears at page 11208 of the RECORD, stated that our foreign aid expenditures up to that date totaled \$53,151,468,000, with more than \$9 billion still in the pipeline.

I hold in my hand the U. S. News & World Report of February 22, 1957. In that issue is a special report on foreign aid. The style is, "This article represents the result of an extensive research on a problem of outstanding importance." In this article it is pointed out that we have spent in loans and gifts to foreign countries during the past 40 years some \$115,737,000,000. The article points out in detail where the money has gone.

Mr. President, I ask unanimous consent that this article be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ONE HUNDRED AND SIXTEEN BILLION DOLLARS
IN FOREIGN AID—AND MORE TO GO

Let trouble arise almost anywhere, and the solution seems to call for a new outlay of American dollar aid.

It all started back in 1917, and, since then, the net cost has climbed almost to \$116 billion—with no end in sight.

Now tensions in the Middle East are threatening to send the cost of helping other countries on a global scale even higher.

Over the last 40 years the American people have extended to people in other countries nearly \$116 billion in aid through gifts and loans.

Yet there is no signs of a letup in the steady succession of crises that generate this flow of aid. The trend in the total of assistance continues to be upward.

It was 4 decades ago, during World War I, that the program of supplying help to other nations began. The aid in that period was in the form of loans—most of which remain unpaid.

Today, with interest added, the portion of World War I loans outstanding is carried on the Government's books at \$17.8 billion.

Between wars, assistance provided by the United States to others went mainly to relieve suffering in areas hit by famine, floods, earthquakes and hurricanes.

The really big program of American aid got underway with lend-lease just before the United States entered World War II. Aid has continued on a large scale ever since, with Congress now considering a special program for the countries of the Middle East.

The mounting cost: Help for people abroad now averages between 4 and 5 billion dollars a year. By next June 30 the aid total will be above \$120 billion—and still climbing.

At that time, there will be \$8 billion in available funds unspent and probably \$4 billion more in new money authorized by Congress. This means that the long-range total is likely to pass \$130 billion in the next few years and will mount even higher unless the need for aid abroad ends.

All of these figures are net totals, after deducting repayments of loans and interest. Much of the money has been distributed in the form of grants—or gifts—which are not repayable.

The American people, during and since World War II, have paid out nearly \$86.25 billion in outright grants to scores of countries. During the calendar year ending next December 31, this total will reach 90 billion or more. It could, eventually, exceed 100 billion on the basis of money available now, or requested.

In addition to these gifts, more than 11.6 billions in loans has been channeled abroad in the years since the start of World War II. And new loans to nations in troubled parts of the world are being proposed.

DOLLAR MAGIC?

Americans, over the years, have been called upon to provide the outside world with dollars as the magic that will help to solve problems that develop.

Billions were provided immediately after World War II, distributed by the United Nations, to relieve suffering in war-torn regions. Then came the Marshall plan and aid to Greece—help that enabled nations in Europe to overcome the effects of war and to regain economic strength. These billions are credited with having saved much of Western Europe from communism.

As Europe recovered, the direction of aid shifted. Economic aid to Europe turned rapidly to military aid. Instead of butter, United States billions provided guns to strengthen nations willing to stand against aggressive moves by Soviet Russia. The direction of aid shifted in still another way. Asia now became the recipient of economic aid on an increasing scale.

Today, a new shift in emphasis is developing. Attention is centered on the Middle East, where help is measured in millions of dollars instead of in billions. At the same time, the whole range of aid abroad is under study by a special White House Commission headed by Benjamin F. Fairless, the former chairman of United States Steel Corp. Recommendations of this group can be expected to influence the direction and character of spending in the years ahead.

WHERE THE MONEY GOES

If you look at the following table you can see which nations have received the bulk of the aid that Americans have given to the outside world in 40 years.

United States foreign aid
in the last 40 years..... \$115, 737, 000, 000

How aid dollars mounted
up:

World War I loans, unpaid principal and interest.....	17, 882, 000, 000
World War II gifts, including Lend-Lease....	40, 256, 000, 000
Economic aid after World War II.....	27, 741, 000, 000
Military aid after World War II.....	18, 249, 000, 000
Loans during and since World War II.....	11, 609, 000, 000

Where the dollars went ¹

	Amount	Share
		Percent
Britain.....	\$38, 464, 000, 000	41.1
France.....	12, 850, 000, 000	13.7
Russia.....	11, 750, 000, 000	12.6
Italy.....	5, 239, 000, 000	5.6
Germany.....	4, 240, 000, 000	4.5
China.....	2, 563, 000, 000	2.7
Japan.....	2, 546, 000, 000	2.7
Korea.....	1, 533, 000, 000	1.6
Greece.....	1, 464, 000, 000	1.6
Belgium.....	1, 182, 000, 000	1.3
Netherlands.....	1, 139, 000, 000	1.2
Austria.....	1, 043, 000, 000	1.1
Total for 12 nations getting biggest gifts.....	\$4, 013, 000, 000	89.7
Other nations.....	9, 509, 000, 000	10.3

¹ Excludes \$18,249,000,000 military aid since World War II, not reported by country, and \$3,966,000,000 for advances to international organizations and other expenses.

Great Britain has received the largest share of aid dollars—in both loans and grants. The British, in two wars, exhausted reserves of wealth built up over centuries. Aid from the United States has enabled the British people to gain time to deal with their problems. That aid, so far as anyone can foresee, will need to be continued if Britain is to maintain her position as a major power in the world. The aid that this country extends today is largely military aid, which relieves Britain of part of an expense that its people find increasingly burdensome.

The story is somewhat the same for France. Two world wars plus war in Indochina, and now in Algeria, have strained the French economy. American aid has enabled France to overcome a series of crises. Again, there is no present prospect that aid to France can be stopped without resulting problems of the kind that the United States Government does not want to face.

Russia it can be noted, is third on the list of nations that have been helped by Americans. That aid was large during World War II when Lend-Lease provided many weapons and other supplies for the Soviet war effort. In the early postwar period, aid to Russia was in the form of food and U. N. relief work. This relief ended when the Soviet Union was denied a huge loan sought by Stalin. When the Marshall plan was proposed, Stalin balked at accepting and aid ended.

Something else shows up on the accompanying chart. Germany, an enemy of this country in 2 wars, and Japan and Italy, enemies in 1, are large-scale recipients of American aid.

Dollars have helped the Germans and Japanese to overcome the effects of defeat in war and to rise to positions of greater strength than those of some of America's

allies in the two wars. Neither West Germany nor Japan has to support a big military force.

In both Germany and Japan, huge war debts have been wiped out. Dollars have been used to give industry a boost and to rebuild shattered factories.

In fact, all over the non-Communist world dollar gifts and loans have been provided. More billions of dollars are to continue flowing out to such places as India, Iran, Turkey, Egypt, and Pakistan, where some aid has been given and more is wanted.

LENGTHENING QUEUE

There are no indications at this time of a cutback in existing programs of aid. If anything, the requests for United States assistance are increasing.

Communist Poland has joined the queue with an appeal for a loan on lenient terms. The Soviet satellite is said to be asking about \$400 million—as a start—to buy machinery and surplus agricultural commodities in the United States.

Morocco, its independence newly won from France, is asking—and may win—a grant of \$37 million for public-works projects. Tunisia and Libya, also in North America, are angling for aid.

President Eisenhower has won substantial support in Congress for his plan to spend \$600 million on special projects in the Middle East in the next 2½ years. That would be in addition to regular aid to the Middle Eastern countries, which has been running at the rate of about \$200 million a year.

CUSTOMERS FOR UNITED STATES

Aid sent abroad is more than just a means of assuring friends for the United States in a troubled world. In international trade, this country sells more than it buys. The rest of the world would run out of dollars with which to buy goods in the United States unless some means were found to give or loan enough dollars to make up the difference in the balance of United States trade with other nations. This difference runs about \$5 billion a year.

Any program of foreign aid—in whatever form devised—is intended to help prevent dollar shortages from occurring abroad. Such shortages are viewed here as tending to lead other countries to turn to the Communist bloc of nations for trade.

American aid sent abroad has become, in effect, one more bulwark against economic trouble at home. For that reason, even after 40 years that have produced a total bill of nearly \$116 billion for aid, a big cut in the help given to other people is not likely at this time.

Mr. TALMADGE. Mr. President, another statement I made in my remarks yesterday was that some of the money we had given to Norway and Denmark had been utilized to apply on their national debts. I hold in my hand an Associated Press newspaper clipping from the Atlanta Journal, dated Wednesday, December 21, 1955. The Senator from Virginia [Mr. BYRD] is quoted as saying that "United States Aid Cut British Taxes." The article states:

BYRD, a strong advocate of thrift in Government, said in an interview he wants economic aid ended, but that he will go along with foreign military assistance at the level the administration proposes—about 3 billions. Under administration plans, economic aid funds next year would rise to \$1,900 million.

"While I was in Europe this fall, I confirmed through the officials concerned that we gave Denmark \$100 million to help pay off her debt," BYRD said.

I also hold in my hand a book entitled "The Great Giveaway," written by Eu-

gene W. Castle, a prominent author, who has several time traveled around the world at his own expense investigating this matter. I read from page 142 thereof:

We gave the Government of Norway \$300 million which they promptly applied to the reduction of their internal debt.

Another remark I made yesterday on the floor of the Senate which was challenged was that our taxpayers' money had been utilized to transport a religious sect to Mecca. I hold in my hand an Associated Press dispatch dated June 19, 1956, which bears the headline "United States To Send Plane To Aid Afghans To Visit Mecca." It goes on with the details, stating that they will make approximately 15 or 20 round trips, that the distance of the round trip is about 3,500 miles, that the cost to the taxpayers is \$150,000, to transport some Moslems to Mecca for the purpose of worship.

Mr. President, I ask unanimous consent that the article may be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNITED STATES TO SEND PLANE TO AID
AFGHANS TO VISIT MECCA

As a gesture of friendliness to Afghanistan, the United States is sending a passenger plane to take more than 1,000 Afghan Moslems on their pilgrimage to Mecca.

A Pan-American World Airways plane carrying three air crews and ground personnel is due to arrive Wednesday in Kandahar, Afghanistan trading center, to start the 3,500-mile round-trip flights to the birthplace of Mohammed.

The International Cooperation Administration, announcing the arrangement yesterday, estimated about 15 to 20 round trips will be made during the next 2 months at a cost of about \$150,000. The Afghanistan Government is chipping in on the expenses by providing the fuel.

The Pan-American plane, capable of carrying 64 passengers, will supplement the regular Afghan airline, Aryana, in transporting the pilgrims. ICA said a similar assist was given to Lebanon in 1953.

The great pilgrimage to Mecca is required of every Moslem at least once in his lifetime if he is able to go.

Mr. TALMADGE. Mr. President, I hold in my hand a press release from the International Cooperation Administration, for release in the a. m. newspapers, June 19, 1956, reporting on the same subject of the transportation of Moslems to Mecca for the purpose of worship. I ask unanimous consent that the press release may be printed in the RECORD at this point.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

ICA TO HELP TRANSPORT AFGHAN PILGRIMS
TO MECCA

WASHINGTON, June 18.—The United States Government will help to transport more than 1,000 Afghan Moslems to Mecca for the annual "great feast" ceremonies, the International Cooperation Administration announced today.

ICA, acting upon the request of the Afghanistan Government, has contracted with Pan American World Airways of New York to send a 4-engine airplane to Kandahar in south central Afghanistan for 60 days, during which it will make 15 to

20 round trips to Jidda, the port of Mecca, on the Red Sea. The aircraft will be used to supplement the capacity of the Afghan airline, Aryana, to transport the pilgrims.

The plane left Idlewild Airport Sunday and is expected to arrive in Kandahar Wednesday. It carries three air crews and ground personnel. Pan American is the only United States airline certified by the Civil Aeronautics Board as an international flight carrier in and through Afghanistan.

The Hadj, or great pilgrimage to Mecca, is one of the most important events in a Moslem's life. Every Moslem is required to make this pilgrimage to the birthplace of Mohammed at least once during his lifetime, if he is able.

United States aid to Afghanistan is designed to help encourage the strengthening of a stable government, which will be able to maintain the nation's independence, and to help meet the aspirations of the Afghan people for a better standard of living.

Mr. TALMADGE. Other statements in my speech yesterday the authenticity of which has been challenged were that we had sent dress suits to Grecian undertakers, that we had built public bath houses for Egyptian camel drivers, and that we had sent iceboxes to Eskimos.

I hold in my hand a clipping from the Los Angeles Examiner of Sunday, October 23, 1955, written by an eminent columnist, whose article is syndicated, Mr. George Dixon, whom many of us know, love, and respect. He quotes in detail on that matter.

I ask unanimous consent, Mr. President, that the article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ZANY GIFTS IN GIVEAWAY (By George Dixon)

WASHINGTON, October, 22.—Just about the time I catch up with the latest alphabetical metamorphosis of our giveaway agency it goes and metamorphoses itself again.

When it first came to my attention it was called the ECA. It took me weeks to memorize that this stood for Economic Cooperation Administration.

Then it changed to MSA, which stood for Mutual Security Administration; then to FOA, which stood for Foreign Operations Administration, and then to ICA, which stood for almost anything, including \$3 million worth of raisins for Britain.

DUE TO CHANGE

The last I heard of it, it was still ICA, or International Cooperation Administration. But I figure it is about time for it to change its name again because it has just authorized 150,000 collapsible toothpaste tubes for Cambodia.

The ICA withholds any explanation of why we are sending collapsible toothpaste tubes to Cambodia, or why the Cambodians crave them.

You would think there were enough collapsible things in that country already.

Under its various guises, our foreign aid agency has provided public baths for Egyptian camel drivers, dress suits for Grecian undertakers, and literally, iceboxes for Eskimos. We have also sent stage comedies to France, opera singers to Italy, and drama groups to Germany.

CULTURE

We ship culture as freely as commodities. Among cultural projects administered by the State Department in recent months were: Jose Limon dance troupe in South America; Porgy and Bess tour of the Balkans; Isaac Stern performances in Iceland; Jubilee Sing-

ers tour of Far East and Near East, and the United States track, field and swimming stars tour of Latin America.

But the giveaway to the English intrigues me even more. When I was a kid there was another commodity that always went with raisins, I will say it: "Nuts."

Dean William E. Reed, the distinguished Negro who heads up the agriculture department at the all-Negro Agricultural and Technical College in Greensboro, N. C., was reminiscing about his recent tour of Russia as a member of the United States farm delegation. He said the Russians had practiced discrimination.

This caused lifted eyebrows. Dean Reed pretended to be oblivious of the sensation he had created and went placidly on:

"There were seven members of our delegation. I was the only Negro. But everywhere we went I was put in second place. I was always second in every reception line and No. 2 honor guest at every reception."

"Then it was discrimination?"

"Yes," continued the 41-year-old educator, "but not because of color. The Russians have become exceedingly education-conscious. They are particularly conscious about college degrees. Whoever holds the most doctorates is, in their opinion, the most distinguished VIP."

BY DEGREES

"I hold a bachelor of science from Southern University, in Scotlandville, La.; a master of science from Iowa State College, and a doctor of philosophy from Cornell. But the chairman of our delegation, Dean W. V. Lambert, of the University of Nebraska College of Agriculture, holds one more than I do—and the other school-teacher in our party holds one less."

"So the Russians placed Dean Lambert first—which they should have done anyway as he was head of the delegation—and Prof. David Gale Johnson, of the University of Chicago, third."

Mr. TALMADGE. I also stated in my speech yesterday that we had built a six-lane highway in Portugal from Lisbon to a gambling resort, with our taxpayers' money. The authenticity of that remark has been challenged.

My authority for that statement is Mr. Eugene Castle, the author of the book, *The Great Giveaway*. I called him on the telephone this morning and asked him for his authority. He told me he was there, that he rode on the road, that he spoke the language, that he asked the people how they got it, and that they all told him the Americans built it for them. He stated that he is prepared at any time to appear before any committee of the Congress to substantiate that statement.

Another remark which I made yesterday was that we had given a billion dollars to India since the conclusion of World War II. The authenticity of that statement has been challenged, and the International Cooperation Administration states that they did in fact give India the sum of \$468 million. Now, that is not complete, because in addition to that we have given them vast stores of food under Public Law 480, some of which is charged to the farm price supports, but in fact is foreign aid, because we either give them or sell them that food at nominal prices.

In addition, over a 3-year period, India agreed to buy, at somewhat more than 50 cents on the dollar of what it cost the United States, the following commodities: 130 million bushels of

wheat, 5,000 bales of cotton, 6 million pounds of tobacco, and assorted dairy products costing \$3½ million.

Furthermore, India agreed to buy, during a single year, 4,400,000 bags of rice, each weighing 100 pounds. These products were to be shipped to India, at the expense of the United States Government. The ocean freight charges were figured at \$54,200,000.

For this package, India agreed to pay \$360 million, not in dollars, but in rupees. The cost to the American taxpayers, including freight, was \$706,500,000; the selling price was \$360 million. The loss to the American taxpayers was \$346,500,000.

Since that issue has been raised, from time to time I have listed the chronology of some of our foreign-aid expenditures, the wisdom of which appeared to my mind to be very doubtful. I should like to read some of these items into the RECORD.

Item No. 1: Building 200 public restrooms in the Philippines and sending a team of technical assistance experts to demonstrate their use to confused Filipinos. This was reported by Representative H. R. Gross, Republican, of Iowa, in a newsletter of January 4, 1956.

Item No. 2: Hiring a pasture production consultant and financing a study of the food value of British grass for Great Britain. This item was reported in the Chicago Tribune press service of January 21, 1956.

Item No. 3: Consulting services in social insurance for Haiti, reported in the Chicago Tribune Press January 21, 1956.

Item No. 4: Shipping of 150,000 collapsible toothpaste tubes to Cambodia, reported by Columnist George Dixon on October 23, 1955.

Item No. 5: Building public baths for Egyptian camel drivers, reported by Columnist George Dixon on October 23, 1955.

Mr. President, I have listed some 60-odd similar items, showing the sources of the authority, and I ask unanimous consent that the list be printed in the RECORD at this point as a part of my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

1. Building 200 public rest rooms in the Philippines and sending a team of technical assistance experts to demonstrate their use to confused Filipinos. (Reported by Congressman H. R. Gross, Iowa Republican, in Newsletter of January 4, 1956.)

2. Hiring a pasture production consultant and financing a study of the food value of British grass for Great Britain, (Chicago Tribune Press Service, January 21, 1956.)

3. Consulting services in social insurance for Haiti. (Chicago Tribune Press Service, January 21, 1956.)

4. Shipping of 150,000 collapsible toothpaste tubes to Cambodia. (Columnist George Dixon, October 23, 1955.)

5. Building public baths for Egyptian camel drivers. (Columnist George Dixon, October 23, 1955.)

6. Giving dress suits to Grecian undertakers. (Columnist George Dixon, October 23, 1955.)

7. Shipping ice boxes to Eskimos. (Columnist George Dixon, October 23, 1955.)

8. Sending opera singers to Italy, Spanish dance troupes to South America and stage

comedies to France. (Columnist George Dixon, October 23, 1956.)

9. Conducting a wage and position classification survey for the Philippine Government. (Chicago Tribune Press Service, January 21, 1956.)

10. Hiring a trade union consultant for Europe. (Chicago Tribune Press Service, January 21, 1956.)

11. Training French industrialists in American psychology methods in industry. (Chicago Tribune Press Service, January 21, 1956.)

12. Establishing a pension program for overage Chinese Nationalist soldiers. (Representative OLIN E. TEAGUE, Texas Democrat, as quoted by United Press, October 22, 1955.)

13. Underwriting the reduction of taxes in Great Britain and paying off the national debt of Denmark. (Senator HARRY F. BYRD, Virginia Democrat, as quoted by the Associated Press, December 21, 1955.)

14. Building of multi-million-dollar luxury apartment houses for American bureaucrats in Germany, France and Yugoslavia. (Eugene W. Castle in his book, "Billions, Billions and Baioney," and subsequent speeches.)

15. Bringing traffic cops from foreign countries to study how to be better traffic cops in the United States. (Eugene W. Castle.)

16. Study of the human behavior of the Dutch people. (Eugene W. Castle.)

17. Sending railroad coaches to Korea. (Associated Press, April 16, 1956.)

18. Underwriting UNESCO script to the tune of \$6,500,000 a year. (Congressman H. R. GROSS in the CONGRESSIONAL RECORD, April 10, 1956.)

19. Insuring American investment abroad, including \$17 million worth for Ford Motor Co. alone. (Columnist John B. Crane. ICA Bulletin No. 93.)

20. Modernizing Thailand's revenue service and budgetary procedures. (ICA press release No. 96, February 6, 1956.)

21. Training the Thai in peaceful uses of atomic energy. (ICA press release No. 96, February 6, 1956.)

22. Building bridges over South American rivers, including one costing \$460,000 over the Piray River in Bolivia. (Eugene Castle.)

23. Constructing and equipping nitrophosphate plant, cement plant, polyvinyl chloride plant, urea plant, sulfuric acid plant, sugar mills, artificial wood board plant and other private industrial development on Formosa. (ICA Bulletins No. 100, 99, 90, 71, and 62 and press release No. 101.)

24. Shipping raisins to Great Britain. (Columnist George Dixon, October 23, 1955; ICA Bulletin No. 89, April 4, 1956.)

25. Financing the commercial development of jet aircraft in Great Britain. (Eugene Castle.)

26. Sending ultra-violet lamps to India. (ICA Bulletin No. 76, March 6, 1956.)

27. Study of the carrying capacity of India's railway transportation system. (ICA Bulletin No. 69, February 15, 1956.)

28. Training newsprint mill operators in India. (Chicago Tribune Press Service, January 21, 1956.)

29. Giving landing craft to Indonesia. (ICA Bulletin No. 83, March 20, 1956.)

30. Expanding cotton mills in Iran. (ICA bulletin No. 75, March 5, 1956.)

31. Building low-cost housing and health centers and paving of city streets and developing municipal water supplies in Iran. (ICA press release No. 102, February 15, 1956.)

32. Sending audio-visual mobile units to Iran. (ICA Bulletin No. 63, February 2, 1956.)

33. Underwriting deficit of Japanese Government. (Eugene Castle.)

34. Establishing agricultural schools in Jordan. (ICA Bulletin No. 92, April 10, 1956.)

35. Providing advisory services in the operation of railroads for the Korea National Railway. (ICA Bulletin No. 72, April 24, 1956.)

36. Equipping Korean fishing boats. (ICA Bulletin No. 70, February 16, 1956.)

37. Paying rent on use of Korean facilities by American Armed Forces protecting the country. (Time magazine, January 2, 1956.)

38. Sending vegetable seeds to Laos. (ICA Bulletin No. 65, February 6, 1956.)

39. Circulating publications of Organization for European Economic Cooperation in this country to acquaint Americans with foreign products and processes. (ICA Bulletin No. 74, March 1, 1956.)

40. Paying the salaries of an army of half a million bureaucrats to administer American foreign aid and propaganda projects abroad. (Eugene W. Castle.)

41. Spending more than \$30 million a year to turn out propaganda films, magazines, newspapers and news services to compete with the competent products of private American enterprise abroad. (Eugene Castle.)

42. Paying off the Norwegian national debt. (Eugene W. Castle.)

43. Building fertilizer factory and grain elevators in Pakistan. (ICA press release No. 105.)

44. Developing a modern civil airways system and building public water supplies in Pakistan. (ICA press release No. 105.)

45. Digging 1,800 wells in the Philippines. (ICA bulletin, No. 142, April 23, 1956.)

46. Establishing farm cooperatives in the Philippines. (ICA Bulletin No. 142, April 23, 1956.)

47. Underwriting geophysical exploration in the Philippines. (Chicago Tribune News Service, January 21, 1956.)

48. Engineering and economic survey of domestic transportation facilities in the Philippines. (ICA Bulletin No. 60, January 19, 1956.)

49. Land development demonstration projects in the Azores. (ICA Bulletin No. 87, March 30, 1956.)

50. Paying salary of investment adviser to the Federation of Rhodesia and Nyasaland in Central Africa. (ICA Bulletin No. 91, April 6, 1956.)

51. Livestock improvement and disease control projects in Thailand. (ICA Bulletin No. 97, April 19, 1956.)

52. Tank irrigation and water conservation projects in Thailand. (ICA Bulletin No. 81, March 16, 1956.)

53. Contract with Pan American World Airways to send 25 technicians to Thailand to assist Thai Airways Co. in establishing a personnel training program. (ICA Bulletin No. 79, March 13, 1956.)

54. Establishing and equipping Foot and Mouth Disease Vaccine Laboratory in Thailand. (ICA Bulletin No. 65, February 6, 1956.)

55. Thirty-mile extension of the state-owned Thai State Railway, including the gift of rolling stock and the installation of necessary telecommunications equipment. (ICS press release, No. 96, February 6, 1956.)

56. Training program to teach Thai how to operate and maintain motor vehicles given them. (ICA press release, No. 96, February 6, 1956.)

57. Importing breeding stock to improve cattle herds in Thailand. (ICA press release, No. 96, February 6, 1956.)

58. Undertaking marketing surveys in Thailand to attract private industry. (ICA press release, No. 96, February 6, 1956.)

59. Audiovisual mobile units for Vietnam. (ICA Bulletin, No. 100, April 25, 1956.)

60. Providing newsprint for Vietnam newspapers. (ICA Bulletin, No. 92, April 10, 1956.)

61. Building homes and clearing land for Vietnam refugees. (ICA press release, No. 83, January 18, 1956.)

62. Self-propelled water and oil-carrying barges for Vietnam. (ICA Bulletin, No. 63, February 2, 1956.)

63. Underwriting recruiting campaigns for the Vietnamese Army. (Eugene Castle quoting testimony of USIA Director Theodore Streibert.)

The principal preoccupation of the International Cooperation Administration (ICA) at this time seems to be building roads and dams. For example, it already has built a 15-mile long, 6-lane superhighway, linking the city of Lisbon, Portugal, with the gambling casino at Estoril (authority: Eugene Castle), and presently has underway these projects:

1. A 200-mile highway through the jungles of central Thailand to connect the capital city with that country's underdeveloped northeast. (ICA press release, No. 96, February 6, 1956.)

2. A highway of undisclosed length to be carved out of the rugged mountains and hacked out of the tangled jungles of Cambodia, connecting that country's capital city with a new seaport being built on the Gulf of Siam by the French. (ICA press release, No. 91, January 27, 1956.)

3. A 145-mile highway across the island of Formosa to open up virgin territory for the development of agriculture, forestry, and mining. (ICA press release, No. 101, February 14, 1956.)

4. Five hundred miles of rural roads opening up undeveloped territory in the Philippines. (ICA Bulletin, No. 142, April 12, 1956.)

These roads are being constructed where roads never before existed. They are located in countries where motor transport is a luxury and automobiles are a rarity. The excuse for their construction is their "military necessity," but it appears that their sole military advantage will accrue to the hordes of Mao Tse-tung whenever he may decide to send them surging into southeast Asia, a conquest which we are aware Communist China can make at will.

According to a breakdown printed in the February 23, 1956, issue of the CONGRESSIONAL RECORD by Congressman A. L. MILLER, of Nebraska, the ICA and its predecessors during the period April 3, 1948, to March 31, 1955, spent a total of \$288,582,000 on overseas power, irrigation and river development projects. These include projects in Denmark, France, Iceland, Italy, the Netherlands, Portugal, Spain, Austria-Germany, Belgian Congo, Algeria, Dutch Surinam, Malta, Jamaica, British Somaliland, Cyprus, Cambodia, Laos, Vietnam, Formosa, Korea, the Philippines, Thailand, Greece, Iran, Iraq, Israel, Jordan, Lebanon, Turkey, Egypt, Ethiopia, Liberia, Afghanistan, India, Nepal, and Pakistan.

Those figures to not include such current projects as:

1. The \$50 million dam, powerplant, and irrigation system at Shihmen on Formosa (ICA Press Release No. 101, February 14, 1956).

2. The \$65 million multipurpose dam on the Karnafuli River in east Pakistan (ICA Press Release No. 105, February 19, 1956).

3. Two million dollar development project in the Rapti River Valley in Nepal (ICA Press Release No. 94, February 2, 1956).

4. Thirty million dollars to build steam-power plants in Korea (Chicago Tribune Press Service, January 21, 1956).

5. Five million eight hundred sixty-six thousand and five hundred dollars for an electric power project in Greece (Chicago Tribune Press Service, January 21, 1956).

These projects all will provide power for expanded industry to compete with American industry and water for increased irrigation to produce more basic crops to compete with American produce.

Mr. TALMADGE. I thank the distinguished Senator from Louisiana for his graciousness in yielding to me.

During the delivery of Mr. LONG's speech.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. DIRKSEN. I appreciate the kindness of the Senator in yielding at this point.

I think it is only fair and appropriate to make one comment on the statements made by the distinguished Senator from Georgia [Mr. TALMADGE]. Frankly, I am amazed at the statements which appear in the Reader's Digest, the American Legion Monthly, and elsewhere, which are absolutely without foundation. Such statements are frequently quoted on the floor of the House or the Senate. The Senator from Georgia read from the Castle book. The following statement is quoted from the book:

In Portugal we have paid for a 6-lane highway 15 miles long connecting Lisbon with the gambling resort of Estoril.

The comment of the International Cooperation Administration is as follows:

No United States aid funds, dollars or counterpart, have been used for highway construction anywhere in Portugal. The highway referred to was built by the Portuguese Government and opened to traffic some 6 months before counterpart funds were released.

It was indicated, in a speech on the floor of the House that—

Our tax dollars have provided dress suits for Grecian undertakers, public baths for Egyptian camel drivers, and even ice boxes for Eskimos.

What is the fact? ICA says, "This is a complete fabrication, with no basis in fact whatsoever."

⁴⁰ I shall answer all of these allegations that were made, because they are not founded in fact.

It seems to me that Members of the House and of the Senate ought to be a little more careful, a little more mindful of the whole story, before these stories are so carelessly disseminated to the press.

Mr. LONG. Mr. President, I ask unanimous consent that the remarks of the Senator from Georgia [Mr. TALMADGE], and the remarks of the Senator from Illinois [Mr. DIRKSEN] be placed at the conclusion of my remarks, in order that my remarks may have continuity.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Without objection, it is so ordered.

Mr. DIRKSEN. I shall amplify my statement later.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. JOHNSON of Texas. Mr. President, I yield 4 minutes to the distinguished chairman of the Committee on Foreign Relations.

Mr. GREEN. Mr. President, the pending amendment would eliminate from the bill the authorization for appropriations for defense support for the fiscal year 1959.

The President of the United States recommended to the Congress that authorizations for appropriations for both military assistance and defense support should be changed from a 1-year basis to a permanent authorization basis. The President made this recommendation for two principal reasons. First, a continuing authorization for these programs would facilitate proper long-range planning. Second, a continuing authorization would demonstrate the fact that these programs are an important part of the defense effort of the United States.

The Committee on Foreign Relations decided to put authorizations for both military assistance and defense support on a 2-year basis rather than a permanent basis. The committee believes that the relationship between these programs and foreign policies of the United States is so close as to require periodic review by the Committee on Foreign Relations. The committee has, however, been reviewing such authorizations for 10 years now. The objectives of defense support and the main patterns of such assistance are now fairly well agreed upon. The Committee therefore concluded that it could safely change from an annual authorization to authorizations covering 2 years. The committee believes that this change will permit better planning and will improve the administration of the programs.

Mr. President, I hope that the amendment will be defeated.

Mr. JOHNSON of Texas. Mr. President, I wonder if it would be agreeable to the Senator from Louisiana for each of us to yield back all of our time except 5 minutes on each side, and then to have a quorum call, the time for the quorum call to be charged to neither side. Following the quorum call, the Senator from Louisiana would have a chance to represent his amendment; and then we would use time on this side.

Mr. LONG. That is agreeable.

Mr. JOHNSON of Texas. Mr. President, with the understanding that all time has been yielded back with the exception of 5 minutes on each side, I ask unanimous consent that I may suggest the absence of a quorum, the time for the quorum call to be charged to neither side.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Is there objection to the request of the Senator from Texas that there be a quorum call, the time for the quorum call to be charged to neither side? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the distinguished minority leader.

Mr. KNOWLAND. Mr. President, I rise to support the position taken by the

chairman of the Committee on Foreign Relations, the distinguished Senator from Rhode Island [Mr. GREEN], who has heretofore spoken in opposition to the first amendment offered by the junior Senator from Louisiana [Mr. LONG].

If Senators will examine page 26 of the bill, they will see that the effect and intent of the amendment of the Senator from Louisiana is to strike out beginning with the word "There", at the end of line 15, through the remainder of the paragraph. That will eliminate the authority for the following fiscal year, 1959, for both the military support and the defense support.

When the administration first presented its recommendations to the Congress, it requested in effect, unlimited authority in the case of both the military features of the bill and the defense-support features. The committee, with all the facts before it, believed—and quite properly so, in my opinion—that it would be unwise to authorize such unlimited support which in the future would require action by the Appropriations Committee. But the committee felt that a strong case had been made for giving authorization for a limited period of 2 years in the case of these 2 fields, namely, military support and defense support.

On the other hand, that military appropriation could not be included in this year's military appropriation bill because the military appropriation bill for United States forces has already cleared the House of Representatives, and is before the Senate Appropriations Committee, before the Senate has even acted on the mutual aid authorization bill. If the Senate is to be given an opportunity to experiment with that plan next year, it is necessary to make the 1959 authorization now, so that next year, when the appropriation bill comes before us, this feature may be included.

The testimony has very clearly shown that the forces in Republic of Korea, in Turkey, in Formosa, and in Vietnam are all parts of the mutual defense perimeter of the free world, of which the United States is a vital part. Under these circumstances, particularly when the evidence shows that it costs \$105 to maintain a Turkish soldier, \$117 to maintain a Korean soldier, and \$142 to maintain a Chinese Nationalist soldier—

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KNOWLAND. I should like to have 1 additional minute.

Mr. JOHNSON of Texas. Mr. President, I yield an additional minute to the Senator from California, if that will be agreeable to the Senator from Louisiana; and, if so, I shall also yield an additional minute to the Senator from Louisiana.

Mr. LONG. Very well.

The PRESIDING OFFICER. The Senator from California is recognized for one additional minute.

Mr. KNOWLAND. On the other hand, Mr. President, it costs \$3,511 a year to maintain a United States soldier. So, from the point of view of the defense

of those countries, and from the point of view of the defense of our own country, more divisions will be available for the common defense if we use the soldiers of other countries. I believe that situation amply justifies including that part of the item in our military appropriation bill next year. But unless this item is included in the pending bill, we shall not be able to follow that procedure.

For that reason, Mr. President, I hope the amendment of the Senator from Louisiana will be rejected.

Mr. LONG. Mr. President, let me point out that my amendment does not at all affect the fiscal year 1958. In other words, it does not affect the fiscal year which will begin on the 1st of July of this year, and will end on the 30th of June, 1958.

My position is that the Congress should not vote for an economic program, to be hidden inside the defense budget, when that economic program would be for the fiscal year 1959, which will begin more than a year from now on July 1, 1958, and will end on June 30, 1959.

If Senators wish to consider a sample of such an economic program, let them examine pages 784 and 785 of the hearings, which shows a typical program—in this case, the one in Korea. From those pages of the hearings, Senators will find that the program is primarily an economic-aid program. In the case of Korea, the program is for the purpose of developing agricultural and natural resources, industry and mining, transportation, health and sanitation, education, public administration, community development, social welfare, housing, and so forth.

If Senators would like to consider further what is happening under this program, let them also examine pages 651 and 652 of the hearings, from which they will see that a great portion of the money used for this program is absolutely being frittered away—according to the administration's own testimony—by permitting these foreign nations to shortchange us by as much as 50 percent in the exchange of currencies. In other words, as much as 50 percent, or half, of the money is simply being frittered away in connection with a vast exchange of currencies; and the administration admits it. In the case of Vietnam alone, that is going on to the tune of \$120 million, or 50 percent of \$240 million annually.

Mr. President, this type of economic aid program should not be hidden away in the military budget. When the committee was sitting as a study group, what did the committee say about it? On page 16 of the report we find that the committee discusses supporting assistance, as the committee calls it; and at that point in the report the committee points out that in many cases it is nothing more than outright economic aid. Then the committee says that the administration had made the suggestion that the military-aid provisions might be placed in the defense budget

without having any further authorization bill, as is proposed in this case.

Then the committee says:

On the other hand, such legislation might result in a loss of some congressional control over the largest element of foreign aid, by burying it in the budget of the Department of Defense.

Then let us examine the next paragraph. I am lifting it out of context, but I am not doing violence to the point the committee had in mind:

While the committee believes that there may be merit in the proposal to place military aid funds with the Department of Defense, it knows that this proposal deals with only one part of the problem.

In the second paragraph of page 25, we find the following:

The committee believes that any changes in legislation which would deny to the Senate an annual review of supporting aid—

The committee calls it supporting aid—

would raise dangers of a failure to adjust this aid to changing circumstances. It would raise dangers of an undue expansion of supporting aid programs and unnecessary and excessive demands on the resources of this country.

Elsewhere in the report Senators will find that the statement that to continue the supporting aid indefinitely creates ill will between nations and causes nations not to do for themselves the things which we can properly rely upon them to do.

That report was unanimous. My amendment recommends the accomplishment of exactly what the same Foreign Relations Committee unanimously recommended when the committee was sitting as a study group on this program.

Mr. President, Senators can recommend one thing when they are studying a program, and they can vote the other way when the administration suggests they do so. But I suggest that, by the administration's own admission, in the case of a single country, and when \$240 million was involved, as much as 50 percent of the money was absolutely being thrown away by means of a quick exchange of currencies.

Mr. President, why should these things be hidden away in the defense budget, when they are most wasteful and most inexcusable.

Therefore, Mr. President, I say that a 1-year authorization is enough; it would be inexcusable to make such an authorization for a second year, without further study.

Mr. RUSSELL. Mr. President, will the Senator from Texas yield to me, so that I may ask a question of the Senator from Louisiana?

Mr. JOHNSON of Texas. I yield to the Senator from Georgia, from the time available on the bill.

Mr. RUSSELL. The Senator from Louisiana knows that the Senate authorized the expenditure of \$300,000 for the purpose of conducting the study to which reference has been made; and in that connection, various study groups were sent forth, foundations were employed, and voluminous reports were received and analyzed. In the light of what the

Foreign Relations Committee has recommended now, contrary to that report, does it not appear that that money has gone down the drain, along with a great deal of the foreign aid we have provided?

Mr. LONG. Not only that, but one of the experts pointed out that \$120 million is being wasted, in the case of Vietnam; and yet the committee now proposes that all this sort of thing be continued.

Mr. MALONE. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I have no further time.

Mr. JOHNSON of Texas. Mr. President, if agreeable, I will yield 1 minute on the bill to the Senator from Nevada.

Mr. MALONE. Is the Senator from Louisiana aware that Secretary Dulles, the Secretary of State, testified before the committee, last year, that foreign aid is a permanent policy as long as our security is threatened? Our security has been threatened ever since we have been a nation. I suppose, from that, it will be a continuing thing, but is the Senator aware of that fact? Of course he is; he was a member of the committee.

Mr. LONG. Yes. Here is a case of asking Congress to authorize \$710 million without ever looking into the subject. If we approve this authorization, we may next be asked to authorize aid 10 years in advance. Someday Congress, I suppose, will be asked to authorize foreign aid forever, without any control.

Mr. MALONE. It was said in 1948 that if we started the Marshall plan and appropriated money for it, it would definitely become just as much a part of our budget as the State Department is.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Do we have 3 minutes remaining on the amendment?

The PRESIDING OFFICER. The majority leader has 3 minutes remaining. The proponents of the amendment have no time.

Mr. JOHNSON of Texas. Mr. President, I desire to make a statement, at the conclusion of which I shall suggest the absence of a quorum, because I want all Senators to be on notice, so they can be present when the vote is taken.

I rise in opposition to this amendment.

First, the pending bill is an authorization measure. It does not deal directly with spending, but only the ceilings upon spending when we get to the actual money bill.

The mutual-security bill, as reported by the chairman of the Foreign Relations Committee [Mr. GREEN], must go through two stages every year. We are engaged in the first stage now, that is, consideration of the policy question involved, and determination of the maximum effort this country is willing to make.

The second stage—which cannot even begin until we conclude the first stage—is when we consider the actual amount of money that will be appropriated. This is a far different question.

The difference is so great that there has been only one instance in the past 10 years where the executive branch has asked for as much in appropriations as it asked in authorizations, and there has been no instance in which Congress has granted as much in appropriations as it has in authorizations.

For fiscal 1957, the administration requested \$4,860,000,000 in authorization. The Congress actually granted \$4,034,600,000. Then, when we reached the appropriation bill, the sum actually appropriated was \$3,766,500,000.

For fiscal 1956, the situation was as follows:

The Executive authorization request was \$3,408,000,000.

The congressional authorization was \$3,285,800,000.

The Executive appropriation request was \$3,266,600,000.

But the congressional appropriation was down to \$2,703,000,000.

By the combined action of the President and the Senate Foreign Relations Committee, this measure has been cut already by 16 $\frac{2}{3}$ percent. We customarily operate on the assumption that some flexibility has been left for the operations of the Appropriations Committee.

That committee has the exhausting—and usually thankless—job of going over the justification in detail.

It seems to me that we will be ap-

proaching the peril point if we make another substantial cut in the authorization. We will leave the Appropriations Committee without sufficient elbow room.

Prudent judgment on spending is best made when the men who must make the judgment do not have their hands tied.

I have great confidence in the ability of the Senate Appropriations Committee to make prudent judgments as to the use of the taxpayer's money. If the authorization is too high—in terms of specific projects—I believe they will determine that fact and make appropriate recommendations.

It is my belief that the Senate Foreign Relations Committee has performed its duties ably and well. I believe the ceiling authorizations they have brought to us are realistic and in line with the national interest.

For that reason, I cannot see my way clear to vote to reduce the authorization, as proposed by my delightful friend from Louisiana. It is my belief that it would be an unwise restriction which we might regret in the days ahead.

I ask unanimous consent to have printed in the RECORD a table setting forth the history of congressional action on the mutual-security bill for the past 10 years.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Fiscal year	Executive branch authorization request	Authorization by Congress	Executive branch appropriation request	Mutual security program appropriations adjusted	Amount of reduction—comparing appropriation granted with authorization request	Percentage reduction appropriations compared with authorization request
1948-49.....	8,499.0	7,892.0	6,837.0	6,386.8	2,112.2	0.248
1950.....	5,756.0	5,670.0	5,512.2	5,173.2	582.8	.101
1951.....	8,172.5	7,922.5	7,835.7	7,359.4	813.1	.099
1952.....	8,500.0	7,583.4	7,527.5	7,282.3	1,217.7	.143
1953.....	7,900.0	6,492.7	6,492.7	6,011.9	1,888.1	.226
1954.....	5,927.1	5,255.6	5,124.5	4,723.9	1,203.2	.203
1955.....	3,676.4	3,024.6	3,438.5	2,804.5	871.9	.2309
1956.....	3,408.0	3,285.8	3,266.6	2,703.5	704.5	.20
1957.....	4,860.0	4,034.6	4,860.0	3,766.5	1,093.5	.225
1958.....	4,400.0					

Mr. JOHNSON of Texas. Mr. President, I think the vote on the pending amendment is a test, and I want to suggest the absence of a quorum, so Senators can be present when there is a vote on it.

Mr. ELLENDER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. All the time of the Senator from Texas, the 3 minutes which he allowed himself, has expired.

Mr. JOHNSON of Texas. I yield 1 minute on the bill, if it is agreeable.

Mr. ELLENDER. Is it not a fact that the amendment offered by the junior Senator from Louisiana does not touch on the defense support authorization for the fiscal year 1958, but affects only the authorization for the fiscal year 1959?

Mr. JOHNSON of Texas. The Senator from Louisiana proposes to whittle away \$300 million of military aid by this amendment.

Mr. ELLENDER. The Senator from Texas is in error. This amendment simply strikes out the authorization for defense support funds for fiscal year 1959,

and does not in any manner reduce or otherwise affect the amount of defense support authorized for fiscal year 1958.

Mr. JOHNSON of Texas. Mr. President, I think that if the amendment of the Senator from Louisiana shall be adopted, our whole foreign military-aid program will be affected, indeed, will be dangerously affected, and I think it will result in many extra dollars having to be appropriated, not only in the next year, but in the years to come, because I am convinced of one thing: The money we have spent in foreign and defense aid has saved our spending many times that amount on our own forces.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Texas. I yield.

Mr. LONG. Is the Senator from Texas sure which amendment he is referring to?

Mr. JOHNSON of Texas. I understood the Senator from Louisiana, when he offered the amendment, was offering an amendment that would reduce the authorization seven-hundred-million-odd dollars in the year 1958.

Mr. LONG. No; the Senator has been discussing the wrong amendment. I am offering the amendment identified as "6-12-57-C." That amendment would strike out the authorization for 1959.

Mr. JOHNSON of Texas. I understand.

Mr. MANSFIELD. If the Senator will yield, the majority leader is correct, because if the amendment is adopted, it will mean the second year's appropriation in defense support, which is nothing but economic aid support, amounting to \$710 million, will be liquidated.

Mr. LONG. I anticipate that next year it would be justified. The burden of my argument is that the committee ought to hear evidence to justify the authorization of \$710 million, rather than have the Congress authorize it without hearing any support for it or any evidence for it or a single word of testimony.

Mr. JOHNSON of Texas. Let me see if I can make clear to the Senator from Louisiana and other Senators what we are voting on. As I understand, the Senator proposes to strike from the bill the amount authorized to be appropriated for the fiscal year 1959, which is \$710 million.

Mr. LONG. That is correct.

Mr. JOHNSON of Texas. I think that is a whittling away of our whole foreign-aid program. In my opinion, this is a dangerous amendment. I believe that if we take the step today of adopting this amendment, we will pull the whole house down on our heads. I hope the vote on the amendment will be a test, and that every Senator will be present and recorded.

I suggest the absence of a quorum.

Mr. ELLENDER. Mr. President, will the Senator yield for another question?

Mr. JOHNSON of Texas. I will yield for a question. We agreed to 5 minutes to each side. We have taken that much time.

Mr. ELLENDER. Take it on the bill. I have a number of amendments.

Mr. JOHNSON of Texas. Will the Senator take it on his amendment?

Mr. ELLENDER. Yes; I will take it on my amendment.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

Mr. ELLENDER. Will the Senator withhold the suggestion and answer my question?

Mr. JOHNSON of Texas. Yes.

Mr. ELLENDER. Should we not proceed with respect to this bill in the same manner as we have in the past, namely, to to authorize funds for defense support on a 1-year basis, so that we can examine the program each year and determine each year the level at which it should be continued, if at all?

We are departing today from the usual procedure in authorizing these funds. We are establishing a dangerous precedent—one which may haunt us in future years, when we endeavor to shut this program off, or at least substantially curtail it. We are extending the authorization not only into the next fiscal year but into the fiscal year beyond that—fiscal year 1959, to be exact. That is what I am objecting to.

Mr. JOHNSON of Texas. The Senator's statement is correct. I understand his position.

Mr. ELLENDER. How can the Senator argue that the amendment of the junior Senator from Louisiana is going to hurt the program, when for the past 10 years we have proceeded in the same manner now sought to be followed?

Mr. JOHNSON of Texas. Because I think all the testimony adduced before the committee—the very responsible committee and the very prudent committee—indicated that our national interest rested in the terms reported in the pending bill.

Mr. ELLENDER. I do not think that the committee as a whole, at least those members who made a study of the subject, desired to make the period longer than 1 year. It is the administration which is attempting to force the 2-year authorization on us. I say to the Senator that if we adopt this amendment we will be sorry.

As a matter of fact, the special Senate subcommittee which studied the foreign-aid program recommended specifically that no change be made in the present practice of making the defense support appropriations available for 1 year only. I say to the Senator that I think the subcommittee's recommendation in this instance should be followed.

Mr. JOHNSON of Texas. I thank the Senator for his observations. I regret that the committee which heard all of the evidence and testimony does not concur in his views.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	Morse
Allott	Gore	Morton
Anderson	Green	Mundt
Barrett	Hayden	Murray
Beall	Hennings	Neuberger
Bennett	Hickenlooper	O'Mahoney
Bible	Hill	Pastore
Bricker	Holland	Payne
Bush	Hruska	Potter
Butler	Humphrey	Purtell
Byrd	Ives	Revercomb
Capehart	Jackson	Robertson
Carlson	Javits	Russell
Carroll	Jenner	Saltonstall
Case, N. J.	Johnson, Tex.	Schoeppel
Case, S. Dak.	Johnston, S. C.	Scott
Chavez	Kefauver	Smathers
Church	Kennedy	Smith, Malne
Clark	Kerr	Smith, N. J.
Cooper	Knowland	Sparkman
Cotton	Kuchel	Stennis
Curtis	Lausche	Symington
Dirksen	Long	Talmadge
Douglas	Magnuson	Thurmond
Dworshak	Malone	Thye
Eastland	Mansfield	Watkins
Ellender	Martin, Iowa	Wiley
Flanders	Martin, Pa.	Williams
Frear	McClellan	Yarborough
Fulbright	McNamara	

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from West Virginia [Mr. NEELY] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from North Dakota [Mr. LANGER] are absent because of illness.

The Senator from North Dakota [Mr. YOUNG] is detained on official business. The PRESIDING OFFICER. A quorum is present.

Mr. REVERCOMB. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. REVERCOMB. What is the question on which the Senate is about to vote?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG], amendment designated 6-12-57-C. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from West Virginia [Mr. NEELY] are absent on official business.

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from West Virginia would vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from North Dakota [Mr. LANGER] are absent because of illness.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

If present and voting, the Senators from North Dakota [Mr. LANGER and Mr. YOUNG] would each vote "yea."

The result was announced—yeas 34, nays 55, as follows:

YEAS—34

Anderson	Frear	Mundt
Barrett	Goldwater	O'Mahoney
Bible	Hruska	Revercomb
Bricker	Jenner	Robertson
Butler	Johnston, S. C.	Russell
Byrd	Kerr	Schoeppel
Case, S. Dak.	Long	Stennis
Chavez	Magnuson	Talmadge
Curtis	Malone	Thurmond
Dworshak	Mansfield	Williams
Eastland	McClellan	
Ellender	Morse	

NAYS—55

Aiken	Hayden	Murray
Allott	Hennings	Neuberger
Beall	Hickenlooper	Pastore
Bennett	Hill	Payne
Bush	Holland	Potter
Capehart	Humphrey	Purtell
Carlson	Ives	Saltonstall
Carroll	Jackson	Scott
Case, N. J.	Javits	Smathers
Church	Johnson, Tex.	Smith, Maine
Clark	Kefauver	Smith, N. J.
Cooper	Kennedy	Sparkman
Cotton	Knowland	Symington
Dirksen	Kuchel	Thye
Douglas	Lausche	Watkins
Flanders	Martin, Iowa	Wiley
Fulbright	Martin, Pa.	Yarborough
Gore	McNamara	
Green	Morton	

NOT VOTING—6

Bridges	Langer	Neely
Ervin	Monroney	Young

So Mr. LONG's amendment was rejected.

Mr. KNOWLAND. Mr. President, I move that the vote by which the Long amendment was rejected be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from California [Mr. KNOWLAND] to reconsider the vote by which the Long amendment was rejected.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 26, lines 14 and 15, it is proposed to strike out "\$800,000,000" and insert "\$710,000,000."

Mr. LONG. Mr. President, I shall need very little time to discuss this amendment. I see no need whatever for consuming the entire time available to me. I believe I can explain it in 6 minutes.

The amendment proposes to hold the ceiling figure for 1958 to the same figure which the committee recommended for 1959. In other words, the committee, after hearing the justification with respect to 1 year, without hearing any testimony with respect to the subsequent year, recommended that for 1959 the sum of \$710 million should be the ceiling.

It was the committee's wish and hope that the economic-aid program, which goes under the name of defense support, could be carried in the year 1959 at \$710 million. My question is, If we think that \$710 million is the right figure for next year, without any testimony on the subject at all, and without any testimony as to what the difference will be between next year and this year, why should we not use the same figure this year.

I sat through most of the hearings, Mr. President, and I am frank to say that this whole authorization is nothing more than an educated guess. That is why all the figures on these items are secret. No one knows whether the administration will spend this much money or not. However, we can see what the figures were for Korea, so far as last year is concerned, although not for this year. The administration will not reveal the figures for this year because they think the Koreans, for example, might expect all this money to be expended, whereas it might be desirable to transfer the money to some other nation or to spend it somewhere else.

Furthermore, there is also an unexpended balance in this program of \$1,714,000,000, as of February 28 this year. In other words, as of the last day of February there was sufficient money on hand to carry the program for more than 2 years into the future.

What I am saying is that we should make an additional reduction of about 10 percent, which is the same reduction the committee recommended be made in the following year.

I pointed out that if the administration will carefully use these funds it can get better results with the \$710 million than the amount authorized in the bill.

I call attention to the testimony at pages 652 and 653. Some of the Senators who are on the floor now may not have heard my previous statement in this connection. An administration witness explained that in connection with this program in Vietnam we are losing as much as half the value of our money, because we are pegging the piaster at 35 to the dollar, when the rate should be at least 70, and perhaps more. Therefore we are losing half of our money for the benefit of about 2,000 native merchants.

Merely by pegging the piaster to a completely fictitious rate, we are losing the benefit of half the funds we are giving to that country.

The same thing is happening in Korea. The same thing is happening in Formosa. The committee that studied the program states at page 27 of the report that this kind of thing should be stopped and we should insist on getting full value for the funds we send there, rather than having most of its value squeezed out in the exchange of the currency.

Everything the administration seeks to have accomplished can be accomplished, and more, if they will peg the foreign currencies to their actual value, and if they will bring about a free exchange of the currencies. The administration's own witness testified that that ought to be done. All I say is, let them do it. If they will do it, they will have more funds available than they need. As a matter of fact, they already have enough money to carry the program forward for the next two and a half years out of funds already appropriated.

There is no reason why this program cannot stand a small reduction. The committee recommended a reduction of about 5 or 6 percent. I say it should be about 15 percent.

Furthermore, when the administration sent their requests to Congress and stated that they had reduced their requirements for the foreign aid program, nowhere in the reduced requirements did I see that they had reduced this most wasteful part of the program, the so-called support program.

I point out that, in addition to the \$710 million which is proposed to be authorized, the President also has available to him \$250 million in his special fund, most of which will be spent for the same purpose. Therefore about a billion dollars would be available in addition to the \$1,715,000,000 already available and appropriated previously.

Mr. President, I yield 5 minutes to my distinguished colleague.

Mr. ELLENDER. Mr. President, I hope that this small reduction will be made. Depending on what happens to the pending amendment, I shall propose an amendment, to cut the amount even more.

As my distinguished colleague has pointed out, more than a billion dollars is available for expenditure in the future. The defense support title is a misnomer. It is simply a disguise for economic aid. Not one nickel of this entire amount, although it is referred to as defense aid, will be used to buy a gun or a tank or anything else of a military nature. The entire sum will be used in the same man-

ner as the billions of dollars we have been appropriating since 1948 for economic aid to the nations of Western Europe.

Mr. MORSE. Mr. President, will the Senator yield for a quick question?

Mr. ELLENDER. I yield.

Mr. MORSE. Not only is it economic aid, but it is in the form of economic grants. Is that not correct?

Mr. ELLENDER. That is exactly correct. This money is made available even to countries which have very small military establishments. Any country with which we do have a joint military program in operation is entitled to share in this money. But the money, when granted, will be used to construct dams, to build roads, even to erect flour mills, as was the case in Korea.

Mr. MORSE. Mr. President, will the Senator yield for another quick question?

Mr. ELLENDER. In Formosa defense support grants are being used in order to try to balance agriculture with industry, in spite of the fact that Formosa does not have the basic resources essential for such a program. In Formosa alone we employ hundreds of people in carrying out this grandiose scheme. Defense support allocations to Formosa are to be used, so our planners tell us, to build up the economy of the island. More than \$5 million in cash of the amount which will be allocated to Formosa will be used to build a dam in Formosa, although, as the report I filed with the Senate Appropriations Committee earlier this year shows, the revenues from electricity on the island would be more than ample to finance the project. We have already given assistance in that area to the extent of some twenty-million-odd dollars, in order to build a new dam not far from T'ai-pei. We have contributed enough to subsidize electric-power rates on Formosa. Our taxpayers deserve a respite.

Mr. President, I repeat that not 1 cent of the defense support funds authorized in the pending bill will be used to buy guns or anything resembling hardware for our allies' defense forces.

I yield to the Senator from Oregon.

Mr. MORSE. When we grant them this money for dams, it amounts to giving them the dams. Is that not correct?

Mr. ELLENDER. There can be no question about that. As I pointed out in my report to the Senate Appropriations Committee, the rates paid for electricity on Formosa are so low as to be almost scandalous. They are much cheaper than they are in our own country. When I talked to the administrator of the Taiwan Power Co., he boasted of the fact that they could produce electricity in Formosa cheaper than we could in the United States. I replied, "We could, too, if we had a rich uncle to give us all the money with which to build the facilities."

In South Korea the same situation exists. Things have never been so good in South Korea as they are now. Their agriculture has so increased that it surpasses anything they have ever had in the past. Yet in Korea, too, we are trying to balance agriculture with indus-

try, with little or none of the essential natural resources to work with.

Mr. President, of the vast sum of money we made available last year to South Korea, \$65 million to \$70 million was used to subsidize railroads which we ourselves, at our own expense, had rehabilitated in the previous 2 or 3 years. If Korean railway rates, both passenger and freight, had been increased to a reasonable level, the United States subsidy could have been done away with altogether.

When I asked why railway rates were not increased, the answer was that it was a political matter; the legislature or the general assembly of South Korea had to pass upon it. Since all the Members had to go before the people in order to be elected, it was a touchy subject for the members of the legislature to increase the rates; therefore, it was not done—unless it has been done since I was in Korea.

The PRESIDING OFFICER. The 5 minutes of the senior Senator from Louisiana have expired.

Mr. LONG. Mr. President, I yield an additional 4 minutes to the senior Senator from Louisiana.

Mr. ELLENDER. Mr. President, in Korea we have given \$8 million in United States dollars to repair the huge dam located about 25 or 30 miles north of Seoul. The facility produces electricity in abundance. We have already paid for the building of several steam plants to generate electricity—plants which have been erected with United States funds. It seems to me that the proceeds from the sale of electricity generated in those plants could have been used to finance the dam to which I have just referred and other improvements to the Korean power system. But no, the Koreans will not do that, because the rates cannot be increased unless the general assembly passes upon them. It is a ticklish question. Much politics is involved in the matter. If only the legislature would increase the rates and make the people pay approximately the same rates we pay in this country, they could easily have financed the cost of the dam—in fact, the whole output of electricity.

I could cite many more instances of our lavish spending in South Korea. Some of the money we are now appropriating will be used to complete the construction of 4 flour mills which we are building in that country. The South Koreans have no technicians to assist in building the flour mills. The United States must furnish its experts and technicians not only to build, but to operate them as well. Remember, too, that Korea does not produce one pound of wheat. It produces rice in abundance, but no wheat. So our planners contemplate that we will also furnish them the wheat with which to make the flour.

What justification do Senators think was given to me for the erection of these flour mills? The justification given by our people in Korea was that the mills were needed to change the eating habits of the Koreans—to teach them to consume wheat products, instead of rice, so that the Korean rice crop can be ex-

ported. Can Senators imagine anything so silly as that?

Mr. President, our planners have squandered huge sums for such purposes. We have given away money to pay for four flour mills being erected in South Korea, but that is not all. We have already spent, and we will be asked to spend huge sums in order to erect businesses in South Korea, in a starry-eyed scheme to balance South Korean industry with South Korean agriculture. The project of course is doomed to failure—it is something which cannot be accomplished, simply because the people of South Korea do not have the raw materials with which to work. The Japanese tried to it before us, and they failed, but that does not stop our so-called experts.

I wish Senators could see the huge docks which the United States has built in South Korea, and the elevators which our Nation has built to store the wheat about which I have spoken—all at our own expense. Much of the defense support money which is authorized in the pending measure is intended for additional expenditures of that type.

I repeat, Mr. President, with all the force that is in me, that not one single, solitary dime of the defense support funds in this bill will be used for anything other than economic aid. I hope, therefore, that the Senate will cut this item by the tiny amount suggested by my distinguished colleague.

Mr. KNOWLAND. Mr. President, I yield 4 minutes to the Senator from Rhode Island.

Mr. GREEN. Mr. President, this amendment would reduce the authorization in the bill for an appropriation for defense support from \$800 million to \$710 million. It must be remembered, however, that the Committee on Foreign Relations, after long study and hearing witnesses, had already reduced the amount from \$900 million, which had been asked by the President, to \$800 million. I know of no good reason why those who suggested the amendment should stop at \$710 million. Why did they not propose a deeper cut and say how much the country would save if the amount were reduced to \$600 million or \$500 million?

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. GREEN. No. I do not yield. I did not interrupt the Senator; I do not want the Senator to interrupt me.

The committee has already looked into the matter, and it thought the most it could reasonably suggest was a reduction of \$100 million, from \$900 million to \$800 million. A further cut would, in our judgment, not be wise, to use a mild term.

Defense support is a category of assistance which goes hand in hand with military assistance. That statement may not be in accord with the exact terminology, but it is certainly much less misleading than the language which has been used in the past. The additional expense was incidental to the military.

Defense support makes it possible for our friends to raise the military forces which we and they believe are essential

in the common defense effort. It is the common defense which concerns us. That is the theory on which these appropriations are made. The money is provided not only to defend the countries where the money is spent; it is also intended to defend ourselves, here at home.

The bulk of the defense support goes to Korea, Formosa, Vietnam, Turkey, and Pakistan—all staunch allies of the United States. We want to help our allies to defend themselves. We have already spent huge sums of money in Korea, as an illustration. Was that entirely because we loved the Koreans? Or was it partly because we thought of the interests of the United States that we spent all that money in Korea during the past years?

The defense-support program has been substantially altered this year by the elimination of items which are not directly related to the military effort of the foreign country being supported.

I do not say that the program as now constituted is perfect, but I do say there have been important changes in programming and in the concept of defense support, so as to put this category of aid on a sound basis for the future.

Mr. President, I urge that the amendment be defeated.

Mr. KNOWLAND. Mr. President, I yield myself 2 minutes.

I oppose the amendment, and support the position of the chairman of the Committee on Foreign Relations in opposition to it. As he has already pointed out, the Committee on Foreign Relations has already decreased the item by \$100 million.

In this category we are helping staunch non-Communist nations, nations with whom we have been allied, nations which the last administration, as well as this administration, believed to be vital for our defense perimeter in the Western Pacific.

These are not neutralist nations; they are not Communist nations. They are the staunchest non-Communist nations in that whole area of the world.

It has been stated previously in the Senate that the Republic of Korea, a small nation with a population of 25 million, a nation which has been ravaged by the Communist aggression, and has suffered a million and a half casualties among their civilian and military population, receives some of the defense support. I believe Korea should receive it. They need to get some of it, because they are manning the frontline of defense in Korea with some 700,000 troops.

This is the largest non-Communist army in the world today, save an except that of the United States of America. It is a larger force than that of Great Britain or that of France. It is a larger force than that of any other non-Communist nation in the world, save and except that of the United States of America. Of course it is a much larger force than the economy of that little country can maintain. But I submit that in manning that part of the defense perimeter, it is far better to have the Republic of Korea stand with us there, with that force, and for us to give them some of the economic and defense-

support aid which is necessary in this circumstance. Those funds cannot be loaned and repaid in the way that normal economic aid can be repaid. These funds are to help them carry this burden until the Communist threat has been eliminated.

Mr. LAUSCHE. Mr. President, will the Senator from California yield to me?

The PRESIDING OFFICER (Mr. KENNEDY in the chair). Does the Senator from California yield to the Senator from Ohio?

Mr. KNOWLAND. I yield.

Mr. LAUSCHE. Can the Senator from California give the comparative figures in the case of the troops of Vietnam and Pakistan and Taiwan?

Mr. KNOWLAND. The approximate figure in the case of Formosa, the Republic of China, is 500,000. I cannot now state for the Senator from Ohio the figure for Vietnam; but I shall obtain it for the Senator, and shall supply it to him.

Mr. LAUSCHE. Does the same argument which applied to Korea apply to these other nations, with respect to the maintenance of troops and the great cost burden?

Mr. KNOWLAND. Yes, I would say that, relatively speaking, and in proportion to the size of the country and its economy, the same argument, in my judgment, applies both to Vietnam, which also is on the frontline, with a hostile Communist force to the north, and to the Island of Formosa, where the free Chinese are facing large Communist forces across the straits.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KNOWLAND. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 2 additional minutes.

Mr. KNOWLAND. Mr. President, under these circumstances I submit that this type of defense support is not only necessary, but it is highly desirable, because if we pull the rug out from under these people in view of the circumstances confronting them, we shake the very foundations of the defense of the free world in the Western Pacific. I do not think that would be in the vital interest of our Nation or of our own national defense, and I do not think it would be in the interest of maintaining a free world of free men.

The Senator from Louisiana has asked why we should not automatically authorize \$710 million for the next fiscal year, inasmuch as the committee suggested that amount. I think it is only fair to give a little legislative history in that regard. I think the reason why the committee reduced the amount at that particular time was that it wanted to give a second year's authorization—for reasons which have already been outlined—and also wanted to serve notice on the administration that it is the hope that next year these items can be reduced, rather than expanded. I think it is the hope of every Member of the Senate that ultimately it will be possible to get away from the necessity of pro-

viding mutual-aid support. I do not wish to see it become a permanent institution fastened on the American people; and as soon as world conditions permit, I hope we can get out of this type of support. But certainly so long as the danger exists, I believe it is in our own interest to furnish this type of assistance.

Mr. JAVITS. Mr. President, will the Senator from California yield to me?

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KNOWLAND. Mr. President, I yield 1 additional minute to myself.

The PRESIDING OFFICER. The Senator from California is recognized for 1 additional minute.

Mr. KNOWLAND. Mr. President, now I yield to the Senator from New York.

Mr. JAVITS. I should like to make a contribution to the point the Senator from California has made so well, in replying to the Senator from Ohio. I was in both Thailand and the Philippines only a few months ago. In Thailand, they consider that the front against communism should be Vietnam, and they said so; and they gave evidence of their concern about weakness in Laos and Cambodia. The only reason why they felt there was any stability on that front—which is what they call it—is that they feel that the Vietnamese Army is tough and dependable. The same position was taken by President Magsaysay, of the Philippines, whose untimely death was so unfortunate.

I think those facts underlie and support all the Senator from California has said.

Mr. KNOWLAND. I thank the junior Senator from New York for his remarks.

I think it can fairly be said, without any disparagement of other countries, that when the chips are down, the people of the countries to whom we have just been referring know what communism is, and they are prepared to stand up and be counted.

Mr. DIRKSEN. Mr. President, will the Senator from California yield to me?

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KNOWLAND. Mr. President, I yield myself a little time on the bill; and now I yield to the Senator from Illinois.

Mr. DIRKSEN. The Senator from Louisiana insisted that this is economic aid, and he pointed out what we had done for the Korean railways. But what would be the use of landing military equipment at Pusan Harbor if there were no railroads to transport it to where the real action was occurring?

Mr. KNOWLAND. That is an excellent example. Another good example of the importance of defense support would be the building of docks at Pusan, to land the equipment necessary to maintain the defenses, which we hope will always be north of Seoul, and not in the area of Pusan.

Mr. ELLENDER. Mr. President, I did not say anything about the docks or railroads which have been built. That work was done with previous funds, not only with the funds for economic aid, but with direct military funds.

In the case of the railroads, I was saying that today the people of South Korea can raise the rates for the passenger traffic and can raise the rates for the transportation of freight, and thus can make it unnecessary for the United States to subsidize those railroads. That is what I was talking about. Last year the United States subsidized the railroads of South Korea to the tune of \$65 million. If the rates were raised, so as to make the people there pay what they should, the United States would not have to subsidize those railroads.

Mr. DIRKSEN. Mr. President, my friend knows—

The PRESIDING OFFICER (Mr. FREAR in the chair). Which side yields time?

Mr. DIRKSEN. Does the Senator from California have any time remaining?

Mr. KNOWLAND. Mr. President, I yield to the Senator from Illinois one-half minute.

Mr. DIRKSEN. My friend, the Senator from Louisiana, knows how uneasy and shaky the economy of Korea has been. I have examined the justifications and items in the classification sheets which come with the 1958 budget for foreign aid. They are downstairs; they are classified documents. If my friend will take the trouble to examine them, I think he will be fairly well "sold" as to the necessity for this defense aid in the interest of the effectiveness of the military effort we make in Korea.

Mr. LONG. Mr. President, several points should be made clear.

The PRESIDING OFFICER. How much time does the Senator from Louisiana yield to himself?

Mr. LONG. So much time as may be necessary.

The PRESIDING OFFICER. The Senator from Louisiana may proceed.

Mr. LONG. Mr. President, certain points should be made clear. This defense-support program is largely and primarily an economic-aid program. I do not particularly object to many of these items, but we should recognize what is being done. In that connection, let me read from the list for Korea:

Agricultural and natural resources, including agricultural research improvement, flood control, irrigation development, upper watershed development, livestock improvement, forestry development, fisheries rehabilitation and development, geophysical survey and drilling, mine development—and that does not refer to military mines which explode; instead, it refers to mines dug into the earth.

I read further from the list:

Distribution of maintenance vehicles, development of domestic building materials plant, highway and bridge construction and rehabilitation, city paving rehabilitation, streetcar system rehabilitation, railroad construction, rolling stock; health and sanitation, including disease control, waterworks rehabilitation, construction of wells and sanitary facilities, city drainage, public health facilities improvement; and in the field of education, vocational education, university operating facilities, teacher training, class room construction, and so forth. A large number of items in connection with education are included; and

the list also includes items of community development, social welfare, and housing.

No one will argue that those are not items of economic aid. I am not arguing against the desirability of doing those things for Korea, at the expense of the American taxpayers. What I am disputing is the desirability of legalized graft, running into the hundreds of millions of dollars, as admitted by the administration in its own testimony, and as recommended against by those in the field, and as recommended against by the Foreign Relations Committee, on the basis of its own study of the matter. That is what I am recommending.

Perhaps Senators do not understand how this legalized graft takes place. Again, Senators can refer to the same pages of the hearings to which I have been referring.

How do we go about administering this defense support to the nation of Vietnam? There we had the proof. Oddly enough, administration witnesses do not admit these things until we send someone into the field to investigate, and learn the charge is true.

When we have the proof, they admit it as to Vietnam. They will not admit it as to Korea. A man came to me today and said it is true in Korea, that he could prove it to my satisfaction. When they see the proof, the administration witnesses may admit this also. Up to that time, they try to get every dollar of their requests.

If Senators will take a moment, they can see how this legalized graft is going on, and why we have given much too much money. We sent \$240 million worth of commodities to Vietnam. We did not send dollars.

Why? It was said it would result in inflation if we sent paper currency or gold, and that it would be better to use local currency. So we sent \$240 million in American manufactured commodities. This was not a part of the P. L. 480 transactions; but these were commodities produced in this country and paid for by American taxpayers.

For our \$240 million worth of commodities which were sold to 2,000 merchants licensed by the Government who make this legalized graft. They allowed us 35 piasters to the dollar. That makes 8,700,000,000 piasters that we have turned over to the Vietnamese Government for the purposes stated in the defense support program. That money is available for troops, to build highways, to erect electric stations, and to do anything else they desire.

We received approximately 8 billion piasters when we should have received at least 17,400 million piasters, because the testimony of the administration witnesses themselves showed that the piasters should have been trading at something more than 70 for a dollar, rather than 35 for a dollar.

Furthermore, the man we sent to that area from the chamber of commerce said a dollar should be traded for 100 instead of 35 piasters. The administration admits it is getting only half what it should get.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. LONG. Not at this point. Let me explain this first.

I have indicated how we are handling the program. So out of every dollar we are sending there, only 50 cents gets to the foreign government.

An average native merchant dealing in our commodities could make \$70,000. I assume they are. Some may be making only \$2,000 or \$3,000. Others may be making \$2 million or \$3 million. But that is what is happening with our money.

In the study of the committee it was recommended that this practice should be stopped. If we stopped it, we could do just as much for Vietnam as we are doing now—every bit as much—and we could reduce our expenditures by one-half.

We had testimony on that point. The committee unanimously agreed that the practice should be stopped, but it has not been stopped. I say, why do we not reduce the funds and make the officials stop what they have been doing in that respect? It was agreed that stopping it is desirable. Everybody in the field agreed that it would be desirable to stop it. Why do we not do it?

The same thing is happening in Korea. The same thing is happening in Formosa. All I am doing is recommending that our program there can be accomplished with 30 to 40 percent less money if an honest exchange of currency is insisted upon. It is just that simple. I have yet to hear a single Senator answer and explain the argument that we ought to get our money's worth when we endeavor to support the economy of a foreign country. Why should a few private merchants grab for themselves from one-quarter to one-half of our money before they let their government see it? That is why we should reduce this item. Nobody has answered the argument made for the amendment. All we have had are admissions that the argument is correct.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. LONG. I yield.

Mr. KNOWLAND. Mr. President, I will take 2 minutes out of my time on the bill.

When the Senator refers to "legalized graft," I think it is necessary that the RECORD be correct on this point, because I am sure the Senator wants to reflect neither on the International Cooperation Administration nor on the Government of Vietnam. The Senator is dealing with an exchange problem. He is dealing with the exchange problem of a sovereign country. I quiet agree that, based on the testimony the committee had before it, it would be highly desirable for the Government of the United States and its agencies to negotiate with the Government of Vietnam and get a more realistic exchange rate. I think that should be done. We have done it on several occasions with respect to the Republic of Korea.

However, the Senator must not try to oversimplify the problem, because, due to the fact that wartime condition have existed in Vietnam, and the fact that the country is facing a Communist

enemy a few miles to the north, there are strict economic controls in effect in that country. Consequently, it is felt in Vietnam that the inflation of its currency by changing the exchange rate from 35 to 70 piasters to the dollar would in effect double prices. Therefore, it would mean that merchants selling their goods in Vietnam would have to double their prices. That would bring about inflationary pressure which might undermine the country, and bring about catastrophic results.

Exchange controls cannot be changed overnight. There is no question that a great many countries of the world, in Europe and in Asia, have unrealistic controls, and that we should try to work out problems in that connection. I refer to that matter because the Senator from Louisiana used the term "legalized graft."

Mr. LONG. As I was saying, the explanation given by the Senator from California is the explanation we get in Washington, and it is the theoretical argument that we have heard for so long. Hundreds of millions of dollars are being spent in Vietnam, and not a soul who has had any connection with administering the funds in Vietnam has said that what I have suggested should not be done. The man we sent to that area said that it was the unanimous recommendation of those working for us in that area that the present practice should be stopped.

It must be remembered that we are giving all this money away; we are not lending it. All of this money goes as a gift to the foreign government, anyway. If we are giving it away, why should we not insist on a realistic exchange of currencies and a realistic value being placed upon the commodities we are sending to that area, instead of some theoretical argument? Continuation of the present practice means that half our money is lost before those whom we seek to help ever start spending it.

A mere 2,000 merchants in Vietnam are getting half our defense-support money in their pockets, which causes the other 18,000 merchants who are not permitted to get in on the deal to say that the whole program is crooked.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MORSE. I think the country is indebted to the Senator from Louisiana for bringing to the attention of the country, not only today, but many times, one of the gimmicks in the foreign aid program which is very much misunderstood by the American people.

We are selling a certain quantity of material to some foreign governments for their local funds, and those funds are in turn supposed to be available for expenditure in their own country to pay for other items. But the fact is that in the Committee on Foreign Relations, as the Senator from Louisiana very well knows, when some of us propose to make use of the huge funds we have in storage, so to speak, in these countries as a result of this practice, we are told, "We cannot do that. We promised them we would not do that, because that might disrupt their local currency."

The fact is that under the name of sale we are giving the people in the foreign countries these goods, because unless the funds are used to pay for goods and services in those countries it means, in effect, the payment they have made is of no use to the United States at all.

I do not believe in that kind of deception and subterfuge. I think the American people need to be told the facts about the amount of goods we are supposed to have sold to these countries and for which we are supposed to have received their currency. Then we put their currency in hock, so to speak—make it untouchable—because our State Department representatives apparently give them the promise that we are not going to use that currency within their own country.

I agree with the Senator from Louisiana. This is one of the issues he has raised over and over again. If we are to tell the American people we are selling the property for soft currency abroad, we ought to insist that that soft currency be used by the United States, as the Senator said in an illustration he used in the committee, to buy buildings in some foreign country to house an American contingent, an embassy, or a mission.

What is actually happening is that we are making these goods available to a country and telling the American people we are betting foreign currency for them, yet we are told by the State Department that we cannot use the currency because it might disrupt the local economy of the country involved.

I say it is time to tell the American people the truth. The State Department cannot have this both ways. Until that money is used or until they free it from the kinds of restrictions they put on it, we are in fact giving away the materials we sent and telling the American people they have been sold.

I submit that is not an honest representation to the American people, and it bears out the point I made yesterday. I say the majority of the committee and this administration do not dare to disclose to the American people the facts which are covered up and kept secret behind the doors of the Committee on Foreign Relations in respect of the expenditure of these funds, because if the American people were given this secret information—to which I respectfully say they are entitled—they would demand that the Senate follow a different course of action than I predict the majority of the Senate is going to follow today.

Mr. LONG. I have available a report of overseas operations by the United States Government, made by my distinguished colleague at the time he visited Vietnam. At page 290 of that report, Senators will find a quotation from a document entitled "Changes in the USIS Program in Vietnam," and a statement that the diplomats in Vietnam for their personal and official use insist on a 75 to 1 ratio on the piasters, and that for the limited use of such tourists as there are, they get 75 to 1. Yet these same diplomats watch us give away the money of the United States Government, and at a mere 35 to 1 ratio. All I say is that if we are going to help this coun-

try, let us recognize how much we are getting, and not let a few native merchants get most of the money. We can accomplish just as much with half the money in that country.

Mr. President, I merely say that the reduction suggested is not intended to reduce the amount of effective aid. It is intended only to accomplish a better accounting and result in a better use of our funds.

The distinguished chairman of the committee asked why it was not suggested that the amount be reduced below \$710 million. I think it should be reduced far below \$710 million for next year. I took that figure because the majority of the committee, who voted to report these high figures themselves, said that for the following fiscal year the appropriations ought to be held within \$710 million. That is what the bill provides.

The whole appropriation is nothing more than an educated guess. The committee's educated guess is that in 1959 \$710 million ought to be enough. I ask, why should it not be enough for 1958? For this year they have guessed \$800 million, and for next year \$710 million. I was accepting the committee's figure, rather than going below that amount.

I am frank to say that I believe the \$710 million is excessive. I believe it could be reduced, and I believe we would get just as much in the way of results.

Mr. President, I should like to invite the attention of the majority leader to my next statement. I should like to suggest that the yeas and nays be ordered on this amendment.

Mr. JOHNSON of Texas. Mr. President, I think the Senator is entitled to have the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient number of seconds?

The yeas and nays were ordered.

The PRESIDING OFFICER. Is the time yielded back?

Mr. JOHNSON of Texas. Mr. President, I yield back all my remaining time.

Mr. LONG. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has either been consumed or yielded back.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Douglas	Kennedy
Allott	Dworshak	Kerr
Anderson	Eastland	Knowland
Barrett	Ellender	Kuchel
Beall	Flanders	Lausche
Bennett	Frear	Long
Bible	Fulbright	Magnuson
Bricker	Gore	Malone
Bush	Green	Mansfield
Butler	Hayden	Martin, Iowa
Byrd	Hennings	Martin, Pa.
Capehart	Hickenlooper	McClellan
Carlson	Hill	McNamara
Carroll	Holland	Morse
Case, N. J.	Hruska	Morton
Case, S. Dak.	Humphrey	Mundt
Chavez	Ives	Murray
Church	Jackson	Neuberger
Clark	Javits	O'Mahoney
Cooper	Jenner	Pastore
Cotton	Johnson, Tex.	Payne
Curtis	Johnston, S. C.	Potter
Dirksen	Kefauver	Purtell

Revercomb	Smith, Maine	Thye
Robertson	Smith, N. J.	Watkins
Russell	Sparkman	Wiley
Saltonstall	Stennis	Williams
Schoeppel	Symington	Yarborough
Scott	Talmadge	Young
Smathers	Thurmond	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG], designated as "6-12-57-B." On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Oklahoma [Mr. MONROEY], and the Senator from West Virginia [Mr. NEELY] are absent on official business.

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from West Virginia would vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from North Dakota [Mr. LANGER] are absent because of illness.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

If present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from North Dakota [Mr. LANGER] would each vote "yea."

The result was announced—yeas 40, nays 49, as follows:

YEAS—40

Anderson	Hruska	O'Mahoney
Barrett	Jackson	Revercomb
Bible	Jenner	Robertson
Bricker	Johnston, S. C.	Russell
Butler	Kefauver	Schoeppel
Byrd	Kennedy	Smith, Maine
Case, S. Dak.	Kerr	Stennis
Chavez	Long	Talmadge
Curtis	Magnuson	Thurmond
Dworshak	Malone	Williams
Eastland	Mansfield	Yarborough
Ellender	McClellan	Young
Frear	Morse	
Gore	Mundt	

NAYS—49

Alken	Green	Murray
Allott	Hayden	Neuberger
Beall	Hennings	Pastore
Bennett	Hickenlooper	Payne
Bush	Hill	Potter
Capehart	Holland	Purtell
Carlson	Humphrey	Saltonstall
Carroll	Ives	Scott
Case, N. J.	Javits	Smathers
Clark	Johnson, Tex.	Smith, N. J.
Cooper	Knowland	Sparkman
Cotton	Kuchel	Symington
Dirksen	Lausche	Thye
Douglas	Martin, Iowa	Watkins
Flanders	Martin, Pa.	Wiley
Fulbright	McNamara	
	Morton	

NOT VOTING—6

Bridges	Goldwater	Monroey
Ervin	Langer	Neely

So Mr. LONG's amendment was rejected.

Mr. KNOWLAND. Mr. President, I move that the vote by which the Long amendment was rejected be reconsidered.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from California [Mr. KNOWLAND] that the vote by which the Long amendment "B" was rejected.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER (Mr. FREAR in the chair). The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 24, lines 7 and 8, it is proposed to strike out "\$1,800,000,000" and insert in lieu thereof "\$1,300,000,000."

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, the purpose of the amendment is to cut the foreign military assistance authorization; that is, the money to be used for purchasing hardware for our allies by a half-billion dollars. The bill provides for \$1,800,000,000. If my amendment is adopted, that amount would be reduced to \$1,300,000,000.

Mr. President, I have no apology to make to the Senate or to the people of my State for having supported the Marshall plan at its inception. I thought then, and I still think, that it was to our best advantage to adopt the Marshall plan in order to help rehabilitate our friends across the seas who had suffered severe and crippling damages from a cruel war.

The Marshall plan, as will be remembered, was created by act of Congress in 1947, and was administered by the Economic Cooperation Administration. It remained as such until 1951, when the Mutual Security Agency was formed. In the meantime, the Mutual Defense Assistance Act was passed, under which military aid was made available to our friends. Under this Agency were consolidated the functions authorized in the Economic Cooperation Act of 1948, as amended, and the Mutual Defense Assistance Act of 1949, as amended.

Then, in 1951, the Mutual Security Agency was enacted which consolidated the military, economic, and technical assistance programs.

Under Reorganization Plan No. 7, set up in 1953, an independent agency entirely removed from the State Department was created and it was known as Foreign Operation Administration—FOA—under which the military, economic, and technical assistance programs were administered.

FOA administered these programs for 1 year, and under Executive Order No. 10610 it was abolished and its economic and technical aid functions transferred to the Department of State and the military aspect of the program was transferred to the Department of Defense, and it has been functioning under that setup until now.

Mr. STENNIS. Mr. President, may we have order? Will the Chair make a

special effort to have order in the Senate?

The PRESIDING OFFICER. Will the Senators who must converse please go to the cloakroom? The Senate will be in order.

Mr. ELLENDER. Under the same order, there was established within the State Department a semiautonomous agency known as the International Co-operation Administration—ICA—with the Secretary of State in charge, and he in turn placed authority into the hands of an administrator to administer the program.

The pending measure does not materially change the manner and method of administering these programs except that the military appropriation for hardware and defense support is to be included in the Defense budget, with the proviso that all funds generated from defense support will be administered by ICA.

In last year's bill, an item for an appropriation for Development Assistance was authorized. There is no Development Assistance in this bill. It is evidently replaced by the Development Loan Fund. This Development Loan Fund will be operated under the general jurisdiction of ICA but according to the committee report, a special unit, headed by a special administrator, will be created within ICA to conduct loan operations. The administrator will operate under the general jurisdiction of an Advisory Loan Committee which will consist of the Deputy Under Secretary of State for Economic Affairs, the administrator of the fund, representatives from the Export-Import Bank, the Department of Agriculture, the Department of Commerce, the International Bank for Reconstruction and Development, and representatives of any other Federal agencies the President determines should be represented thereon.

Mr. President, under these programs we have spent in Western Europe alone more than \$30 billion for economic and military assistance. Included in the pending authorization for foreign military assistance is approximately \$500 billion for our allies in Western Europe. It is this sum that I am seeking to eliminate from the authorization. It is high time for us to refuse to give further aid to Western Europe. It may be said, "They need it. It is necessary. They are staunch allies of ours."

I admit they are friends of ours. The purpose of the economic-aid program, however, was to put the countries of Western Europe on their feet, so that they could help themselves; so that they could carry their own loads and assist us in resisting Communist aggression in other areas of the world. But the program is not operating that way. Although, as I have just indicated, we have spent more than \$30 billion for military and economic aid in Western Europe, we are now being called upon to pay a portion of their current military expenses, notwithstanding the fact that we are carrying the entire cost of the free world's military and economic aid effort in southeast Asia, including the three

countries of former Indochina—Loas, Cambodia, and South Vietnam.

Additionally, we are carrying the whole load in Formosa, and we have been carrying the whole load in South Korea since last year. Two years ago, when I was in Korea, the British had about 7,500 soldiers stationed there. When I returned last year to the lines in Korea the British had reduced the number of their troops to about 500. Now they have withdrawn all of them.

So we are paying the entire expense of maintaining forces in South Korea, in Formosa, and in southeast Asia. In spite of this drain on our Nation's Treasury, we are authorizing \$494.4 million—almost \$500 million—in this bill to provide more military assistance to our friends in Europe.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. WATKINS. Does the amendment which the Senator is proposing have the effect of striking out the proposal for aid to Europe?

Mr. ELLENDER. Yes. I may say to my friend from Utah, however, that of the amount which would remain, \$1,300,000,000, if the military authorities saw fit to use or felt that they must use some of it for Europe, they would not be precluded by my amendment from doing so.

I feel very strongly, Mr. President, that since Europe has been placed on her feet by us, through the expenditure of \$30 billion up to now, Europe ought at least to carry its own load for the military, especially in view of the fact that we are carrying the whole load in Southeast Asia, Formosa, Korea, and have also added the Middle East to our list of recipient countries.

Mr. WATKINS. Mr. President, will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. WATKINS. I quite agree. I think Europe is in a position to carry its part of the load. I had hoped that the Senator's amendment would relate directly to Europe and strike out any aid there.

Mr. ELLENDER. That is the burden of my argument, and that would be accomplished by my amendment. I am seeking to reduce the military assistance authorization by \$500 million, which is some \$5 million more than is contemplated for expenditure in the next fiscal year in Europe. I point out to my friend from Utah that the pending bill contemplates our spending \$20 million for the item of facilities assistance.

Mr. WATKINS. Is that in Europe?

Mr. ELLENDER. In Europe. Let me quote from the committee report what that is:

In the fiscal year 1958 program, it can be anticipated that in the future the facilities-assistance program will be directed toward the development of facilities for the production and maintenance of new weapons.

That is in Europe.

This will include missiles, electronic equipment, such as radars for defense and advanced types of communications equipment essential to NATO. It is estimated that the United States share of the cost for the fiscal year 1958 program will be \$20

million. This includes continuation of mission projects, which for engineering reasons were not concluded in fiscal 1957.

The Senator from Utah well remembers that only a few months ago the British said they would withdraw many of their troops from Western Europe, and they are in the process of doing that. But are we withdrawing our troops from Europe? The answer is "No." The number of our troops in Europe is the same today as it was 4 or 5 years ago. I do not know of any attempt which is now being made to reduce our forces in Europe.

What did the French do? The French removed practically all of their infantry from the front where they were working side by side with ours, and transferred them to North Africa. But the good old United States is still there in full measure, and now we are providing facilities in order further to assist the French.

I say we have been entirely too soft with our friends in Western Europe. If a threat were made to force them to spend their own money and to assist themselves in their own defenses, I think they would respond to it.

Mr. WATKINS. Mr. President, will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. WATKINS. Is it not true that by 1953, Western Europe had recovered to such a point that she was enjoying much greater prosperity than before the war?

Mr. ELLENDER. The Senator is correct. As I have pointed out on many occasions, the Marshall aid program was supposed to have lasted for 5 years. The goal for industrial production, was 125 percent of the prewar production. Today it is 166 percent. Agricultural production has gone up to about 125 percent of prewar.

Mr. WATKINS. I was in Europe in 1953, and spent some time there. One of the matters I investigated was the ability of Europe to take care of its own problems from that point on. After I returned to the United States, I voted against any help for Europe, in connection with the next mutual security bill which was considered.

I have seen nothing since that time which would indicate that Europe cannot carry its share of the load. I have always had the feeling that if the time ever came, those nations, close as they are to Russia, were likely to be completely neutral in any war which might develop between the United States and the Communists.

Mr. ELLENDER. The burden of my argument is that we should eliminate all of the funds that would be used in Western Europe.

Mr. STENNIS. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. STENNIS. When the Senator refers to the amount we are spending in any particular country or area, does he not refer to the amount in the aid program? He does not include the many hundreds of millions of dollars we are

spending in those countries or areas for our regular troops and our regular organizations. I wonder if the Senator would be certain to clear that point as to each different country or area of the world.

Mr. ELLENDER. I am glad my friend from Mississippi has brought that out, because we are spending hundreds of millions of dollars, to build great air fields all over the world, for the protection of our Western European allies as well as ourselves.

Mr. STENNIS. And we furnish all the money for the facilities of the Armed Forces and the other installations which we build.

Mr. ELLENDER. All those things were built by us, and paid for by us.

Mr. STENNIS. Except some of the NATO installations in Europe, as to which we share in the cost.

Mr. ELLENDER. Exactly, and sometimes we have had to absorb more than our share. For example, in England 4 years ago we entered into a contract with the British to repair X number of airfields. The British were to furnish 50 percent of the cost, plus any additional amounts necessary to complete the airfields. At the end of about 18 months Britain said she could not pay any more. What does the Senator think happened? Good old Uncle Sam took over the project as a whole. In order to finish X number of airfields—I know the number, but I cannot state it—we spent \$320 million over and above our 50 percent share of the original estimated cost.

We are too easy. If we continue to carry the whole load throughout the world, then the whole world will continue to shove the burden onto us.

The point made by my good friend from Mississippi applies to France, where we are building a number of airports. We are building pipelines to carry gas to the front lines. All of this is being done at our own expense.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. WATKINS. Have not those gas and oil lines been finished?

Mr. ELLENDER. I do not know; but they were to be extended.

Mr. WATKINS. I noticed that the Senator made his statement in the present tense. I wondered if the work had not been finished some time ago.

Mr. ELLENDER. My statement was in response to the question whether we were doing other things than maintaining our troops and assisting our friends in Western Europe.

Mr. STENNIS. Mr. President, if the Senator from Louisiana will yield to me, I should like to ask a question.

Mr. ELLENDER. I yield.

Mr. STENNIS. I think the pipeline is virtually completed, except in Spain, where we continue to build and complete the line.

On the point of the failure to include in this category the cost, in United States dollars, of these military programs, let me point out that in the case of England, we are asked to authorize and to appropriate funds for the con-

struction of school buildings and similar facilities to take care of the children of our officers and enlisted men who are stationed in England. But the entire expense of even such items is falling on the construction program.

Mr. ELLENDER. Absolutely; and we are also bearing all the cost of the construction of airfields, which will revert to the countries in which they are built.

Mr. President, as I pointed out a while ago, the nations of Western Europe have never been better off than they are at present. Industrially, they have increased their production by an average of 66 percent over prewar production; and agriculturally, they have increased their production approximately 20 percent or more over prewar. Yet we are being called on to furnish more and more aid.

If security restrictions could be raised, I should like to tell the people about our NATO program there. The contributions of our allies to the NATO forces are constantly being decreased. It is my hope that this year, when the request for appropriation of the NATO funds is made, I shall be able to expose the extent to which the NATO forces of our allies have been decreased in the past and are still being decreased. However, insofar as the United States is concerned, our forces are there in the same numbers, and we are carrying our load at home and also in Western Europe and in the rest of the world. Also, we are appropriating more funds to re-equip our own and our allies' NATO forces with more powerful weapons, in an effort to supply the deficiency. Anyone with common-sense knows that we cannot maintain our present global spending pace and hope to retain our way of life. If we continue to spend at the rate we now are spending, just as surely as my colleagues and I are in the Senate Chamber at this time, the United States will lose her way of life, and communism or some other kind of ism will be brought to our shores.

Mr. President, I return to the proposition that I have enunciated in this Chamber before. I say again that I have no regret for having voted to help put Western Europe on her feet. But now that she is better off than she has ever been before, I think it is downright criminal for us to continue to assist the countries of Western Europe. It is time for us to ask those whom we have aided so abundantly in the past to help us defend freedom, if we have no help, we will do violence to our economy here at home.

The next item of benefit to Western Europe is the mutual weapons development program. Today, the United States is spending about \$5 billion each year for military research and development for our own Armed Forces. Notwithstanding that huge sum, we are being called upon—and this bill does so—to authorize and to appropriate \$65 million, to assist the countries of Western Europe in carrying on their military research and development programs. Think of that, Mr. President. The \$5 billion that is being spent here at home for research development in the United States will redound to the benefit of our Western European allies, but they are

not satisfied with that. They will not pay their own research costs. Here in this bill as in the past, we are providing \$65 million more to assist them in their research development.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD excerpts from the hearings, to show how this item of \$65 million is being spent in Western Europe for military research.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

MUTUAL WEAPONS DEVELOPMENT PROGRAM

1. Objectives of program: The mutual weapons development program (MWDP) was established by a special provision of the Mutual Security Act of 1953 with the primary objective of increasing the defensive capability of our allies and improving our mutual security through the provision of United States financial and technical assistance to selected highly promising projects for weapons of advanced design in their research and development programs.

4. Countries participating: Initially six countries entered into bilateral agreements in 1954 with the United States on this program. They were Belgium, Italy, France, Norway, the Netherlands, and the United Kingdom. Last year Western Germany also agreed to participate and negotiations have been underway for some time with the Japanese Government which has already submitted several projects for consideration.

10. Fiscal year 1957 program: Obligations on fiscal year 1957 projects have not yet been completed. An effort was made to complete the obligations early this year and bring the program into phase with the United States budget cycle and considerable progress toward this desirable objective was made. It is expected that approximately \$45 million will be approved and obligated by June 30.

11. Fiscal year 1958 program: MWDP project proposals for fiscal year 1958 have increased both in numbers and importance. Our allies have gained confidence in the validity of the announced objectives of the program and are submitting more of their highest quality projects for consideration. They recognize that our efforts to support the maximum use of new weapons evolved from the MWDP are leading toward elimination of unnecessary duplication and the accomplishment of increasing standardization. These are important objectives which should contribute materially to the improvement of our mutual defenses and the saving of considerable money in the future. Projects totaling nearly \$100 million were submitted for consideration this year; 75 percent of the total was for new projects and the remainder for continuance of support of projects already in the program.

The Department of Defense MWDP steering group reviewed these projects in detail early in May 1957. During these hearings, these experts studied and analyzed the projects and reviewed the comments and recommendations of the field agencies and of the three military departments. The program now under final consideration will involve a United States contribution of approximately \$65 million.

Mr. ELLENDER. Mr. President, one of the countries in the list of those to receive these benefits is Belgium. Although Belgium is small in size, she has a healthy economy. Today she is better off than is the United States. Belgium has unbounded resources in Africa, in the fabulously wealthy Belgian Congo. Yet

the United States is being called upon to provide Belgium with money for military research. Also included in the list are Italy, France, Norway, the Netherlands, and the United Kingdom. Our tax money will be spent to aid those countries in weapons development, although in the last 7 or 8 years we have given those countries more than \$30,500,000,000 in economic and military aid.

When, Mr. President, will Europe be able to stand on her feet?

Next, we have the item of \$282,400,000 for new weapons.

Mr. WATKINS. Mr. President, will the Senator from Louisiana yield for a question?

Mr. ELLENDER. I yield.

Mr. WATKINS. Is that for European forces or for our own forces?

Mr. ELLENDER. That is for weapons we are furnishing to our European allies. In other words, it is to make up for the deficiency which will occur as a result of France pulling troops out of Europe into north Africa—a matter to which I have adverted in the past few minutes—of defense cuts by the United Kingdom and armament cuts by our other so-called allies. This item is for missiles and other defenses to protect the countries of Western Europe—something which they themselves, not the United States, should do.

Mr. WATKINS. Whose troops will use these weapons?

Mr. ELLENDER. European forces.

Mr. WATKINS. The British forces and the forces of the other Western European countries?

Mr. ELLENDER. Yes. And this item amounts to \$282,400,000.

If my colleagues will examine page 384 of the hearings, they will find that the fiscal year 1958 program of weapons assistance for Western Europe—that is what it is—has been developed for the purpose of modernizing the forces there. I read from the hearings at that point:

MILITARY ASSISTANCE PROGRAMS FOR WESTERN EUROPE

The fiscal year 1958 program of military assistance for Western Europe has been developed for the purpose of modernizing the forces of NATO, maintaining the needed conventional forces, and carrying on our essential air programs in several non-NATO European countries. Our fund request for all of these countries, excluding the new weapons program for which country allocations have not yet been made, is \$338.5 million. Of this amount, \$282.4 million is for the support of the NATO countries of Western Europe, less Greece and Turkey.

Mr. WATKINS. Are the countries named at that point in the hearings?

Mr. ELLENDER. No; but there are 16 of them.

Of course, my amendment does not affect Greece or Turkey. The amount of money it includes is for the sole use of our NATO allies in Western Europe.

On page 384 my colleagues will find that the total amount for the new weapons program is \$338.5 million; but of that amount, \$282.4 million is to be used for NATO countries of Western Europe. The rest is for Greece, Turkey, Spain, and Yugoslavia, I presume. I am not complaining about the situation in the case of Greece and Turkey, but I do

think Western Europe can and should stand on her own feet.

Mr. WATKINS. Is Spain included in that category?

Mr. ELLENDER. No; Spain is not. Spain is not a member of NATO.

Mr. WATKINS. This fund is only for the NATO countries, is it?

Mr. ELLENDER. Yes; the NATO countries in Western Europe. The difference between the \$338.5 million and the \$282.4 million will be used for the other European countries we plan to assist.

Mr. WATKINS. Is any of the money to be used for the building of more airports in Western Europe, for the use of our own air fleets?

Mr. ELLENDER. No; none of this will be used for that purpose.

Mr. WATKINS. This is entirely for the use of our allies and their forces; is it?

Mr. ELLENDER. Yes; it is entirely for the use of our NATO friends.

Mr. WATKINS. Even though they are now pulling their troops out of Germany and, in the case of France, are sending them to Africa? Even so, they still want us to provide more money; do they?

Mr. ELLENDER. That is correct.

Mr. WATKINS. The Senator from Louisiana has been a member of the Appropriations Committee for a long time. Is it not a fact that the arms these countries now have, have come largely from the United States?

Mr. ELLENDER. Yes; most of them have. For instance, last year, when I was in London, I noticed a number of old weapons which were piled up in our depots there. I asked the reason for it. I was told that the British were replacing all the old military hardware we had given them, 2 or 3 years ago; it was being replaced by new weapons. The British were producing the new weapons with our funds, furnished by us to the British under the category of "offshore procurement." In other words, what we did was give to the British millions of dollars to make, in their own factories, or in factories built by us under "facilities assistance," new weapons to be used by their armies. We also did the same thing with respect to France and other NATO countries in Western Europe.

After we had spent the huge Marshall plan sums for economic aid, we spent almost \$3 billion for offshore procurement. The Senator will recall when airplanes were sent from France to Israel. Those planes were built in France, with money we ourselves furnished the French under the offshore procurement program. Israel got those planes indirectly from us, since our money paid for their production. Of course, Israel repaid France. But the point I wish to make is that in the past 3 or 4 years we have been spending in Western Europe, after economic aid had supposedly been cut off, almost \$3 billion, in order to give those countries an opportunity to produce in their own factories, with our money, munitions, hardware, and other materiel to equip their forces.

Mr. WATKINS. Mr. President, I wish to observe that as I recall, during the debate on the Marshall program, it was

claimed that none of the money or other aid we were giving to the European countries would go to help maintain their colonial possessions. Is it a fact that France is sending some of the weapons for which we have paid, or which we have given them, or which they have been manufacturing under the offshore procurement program, to north Africa?

Mr. ELLENDER. I do not know the exact extent to which the weapons are being used there, but I was informed that a good many of the lighter weapons, excluding artillery and equipment of that kind, as well as munitions, were used for that purpose. As a matter of fact, there are some references in the hearings to that situation and they indicate that arms we gave to the French are being used in Algeria. I was told, when I was in Paris last fall, that a good deal of the munitions and lighter hardware we had made available to France were used in north Africa.

Mr. WATKINS. I should like to ask the Senator another question. I really am not too well informed on this subject. That is why I am asking the questions. What about atomic weapons? Are we furnishing almost exclusively to our allies those weapons, or is that a question the Senator cannot answer?

Mr. ELLENDER. The item of \$282.4 million would include those weapons.

Mr. WATKINS. It is true, is it not, that we manufacture all the ammunition that would be used with the type of weapon?

Mr. ELLENDER. It is assumed that if countries are furnished with atomic weapons, the funds for such items will be taken out of this fund for new weapons.

Mr. WATKINS. I take it the Senator would not object to our furnishing some of that ammunition, since we have seen our way clear to furnish our European allies with atomic weapons.

Mr. ELLENDER. I would not object to making such materiel available, but I believe those countries can well afford to pay for it.

Mr. WATKINS. There may be something to that point.

Mr. ELLENDER. That is the point I have been making. That is the burden of my argument for reducing the military aid budget by this half a billion dollars.

Mr. WATKINS. I can see the necessity of aiding our Asian and other allies who want to remain free, because of their inability to buy modern weapons; but, since we are engaged in a common enterprise, it seems to me our European allies ought to assume a part of the burden, after he have helped them get back on their feet. I had understood that for the past several years there was no money authorization in the budget or appropriations to help them any further.

Mr. ELLENDER. The Senator was misinformed. I wish to reiterate that in the past 3 years we have obligated for offshore procurement a total of \$2.7 billion. Of that total, \$2.57 billion were for weapons made in Europe. That money was furnished by us to the factories operated by British interests,

French interests, and individuals in other NATO countries in order to manufacture ammunition, military hardware, and airplanes, not for our use, but for the use of our NATO friends. The Senator will agree, I am sure, that if that is not economic aid, it would be difficult to tell what it is, because it certainly bolstered the local economy. It helped them keep their factories open. All that was done at the expense of good old Uncle Sam.

Mr. President, we have in this bill another item for offshore procurement. I ask unanimous consent to have printed in the RECORD at this point the details from the hearings on offshore procurement of new weapons.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

OFFSHORE PROCUREMENT

Background: There are three sources of supply for items included in the approved military assistance materiel program. Some of the items can be furnished from supplies on hand in the Army, Navy, or Air Force. Additional amounts come from new production in the United States. The third source is "offshore procurement" (OSP), a term used to describe purchase by the United States of military equipment and supplies from sources outside the United States for delivery to other friendly countries, as part of the military assistance program. This type of procurement was first undertaken in a relatively small way in connection with aid to Greece in 1947 because the United Kingdom was then the only source of supply for replacements, spare parts, and ammunition for the British types of military materiel with which the Greek armed forces were equipped. If this equipment had not been procured offshore in the United Kingdom, it would have been necessary to completely reequip the Greek armed forces with United States type of equipment, an extremely costly undertaking.

When the military assistance program was initiated in 1949, it was planned to supply United States types of equipment to our allies, mainly from existing United States stocks. It was also planned that any new procurement would, in part, be delivered to United States forces to replace stock items previously shipped to our allies. At that time, this seemed to be the most expeditious way of getting weapons into the hands of Allied soldiers, and thereby strengthening the overall capability of the free world to resist aggression. The attack in Korea, however, upset these plans; and the stocks of military equipment and ammunition which had been programed for delivery under the military assistance program were necessarily diverted to meet the urgent requirements of the Korean war. A new source of production had to be found and OSP was introduced to supplement United States production, which was straining to meet the needs of the Korean conflict.

Equally important were the logistic and strategic considerations. From the military point of view, it was considered essential, in the case of war, that the maximum capability to produce replacements, spare parts, and ammunition be available from sources close to the actual fighting, and not be subject to the hazards and delays of a long and precarious pipeline from the United States. In addition, there were other benefits flowing from this action which were important to the United States:

1. The opportunity to save money for the United States taxpayer. In many instances, especially in shipbuilding, it was possible to procure in Europe or Japan military equip-

ment of types suitable for use by the recipient countries' forces at a cost less than that for purchasing equivalent equipment in the United States.

2. The furtherance of United States political and economic objectives abroad. As the Marshall plan was diminishing in size, many of our European allies still had balance of payments difficulties, particularly with the dollar area, which were in part overcome by OSP. Our OSP program was also instrumental in some countries as a means of combating Communist influence in the trade-union movement.

The four basic limiting factors which have always governed, and continue to govern, the placement of offshore procurement contracts are set forth in a Department of Defense directive, dated August 17, 1951. These limitations are that such procurement will not result in one or more of the following:

1. Unjustifiable cost in comparison with procurement in the United States.
2. Militarily unacceptable delays in delivery.
3. Serious adverse effects upon the United States economy, employment, or industrial mobilization base.
4. Threat to the security interests of the United States.

Fiscal year 1951-57 program: Since 1951 the United States has purchased in Europe and the Far East a selected portion of the materiel to be furnished to friendly foreign nations under approved military assistance programs. During the period, military assistance program offshore procurement contracts totaled about \$2.71 billion, with expenditures as of December 31, 1956, amounting to \$2.12 billion, or 78 percent of the value of contracts placed.

The greatest volume of offshore contracts was placed in fiscal year 1953 when the amount totaled about \$1.6 billion. In fiscal year 1956, the amount of new procurement offshore was only \$62 million. Of the total orders placed to date, \$2.57 billion has been placed in Europe, largely in NATO countries, with the remainder awarded to the Far East area, principally Japan.

The largest single procurement category is conventional ammunition. The orders for conventional ammunition have been important in meeting training and war reserve requirements in friendly foreign countries. Ammunition orders to date total \$1.18 billion, or 43 percent of the total orders placed. In the main, ammunition procured has been of United States types and the bulk of orders was placed at a time when United States industry was engaged in fulfilling the requirements of the Korean campaign.

The second largest category of procurement is aircraft, spare parts, and supporting equipment in the amount of about \$460 million. Many of the aircraft contracted for under this program were of European types.

The third largest category of materiel procured offshore, amounting to about \$360 million, is ships and harbor craft. These items are principally of foreign design and were produced in foreign shipyards at costs appreciably less (in some cases as much as 50 percent less) than United States costs for comparable items.

With the exception of ammunition, offshore procurement orders involved primarily items of non-United States design, e. g., British Centurion tanks, European-type radar, BOFORS, L/70 40 mm. antiaircraft guns, naval craft, and aircraft of foreign design and British-type weapons.

On the basis of the end items included in the materiel program, the status of service stocks and the state of the United States industrial mobilization base, it is estimated that about \$110 million may be obligated in fiscal year 1957 for offshore procurement on a worldwide basis.

Fiscal 1958 program: It is estimated that the fiscal year 1958 program will be in the same general order of magnitude as that for fiscal year 1957. In contrast to previous years, it is anticipated that a larger percentage of the offshore procurement orders in 1958 will be placed in the Far East and, in addition, the total orders will involve little or no ammunition. In general, OSP will be used primarily to (a) obtain foreign-type items of materiel needed to meet an approved military requirement, or to (b) develop arrangements of special benefit to the United States, such as cost-sharing production schemes or production capabilities in soft-currency areas for use on a regional basis.

The reduction in ammunition orders will undoubtedly result in some of the ammunition plants in both Europe and the Far East being put in mothballs. The United States will assist these countries in placing these plants in a standby status with the understanding that the governments concerned will agree to maintain the plants on a standby basis for future use in the event of war.

Mr. ELLENDER. We have already spent and obligated in the past \$2.7 billion for offshore procurement. The pending measure authorizes about \$110 million to continue that program. Where is that money to be spent? First and foremost, it will be spent in the countries of Western Europe, in their own arsenals, to produce weapons for themselves, not for us, but for troops of those countries.

Mr. WATKINS. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. WATKINS. Is it true that the item the Senator has mentioned, new weapons for Europe, is included in the offshore procurement program?

Mr. ELLENDER. No; that is a separate program.

Mr. WATKINS. It is independent of that item?

Mr. ELLENDER. It is separate; that is in addition. The new weapons program involves an item of \$282.4 million for NATO countries and there is another item for offshore procurement of about \$110 million. Those two items alone amount to almost \$500 million.

Mr. WATKINS. They are for the same purpose—new weapons for our allies?

Mr. ELLENDER. Yes. I say those countries are able to carry their own load. In view of the fact that we have carried and are carrying the load for the rest of the world, and our own at home, they should be made to help us.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield for an observation?

Mr. ELLENDER. On the Senator's own time, yes.

Mr. SMITH of New Jersey. I shall be glad to speak in my own time.

Mr. ELLENDER. Very well.

Mr. SMITH of New Jersey. I shall wait until I get the floor in my own right.

Mr. ELLENDER. If the Senator desires to ask me a question, I shall gladly answer, but the Senator has an hour of his own. My time has almost expired.

Mr. SMITH of New Jersey. I shall wait.

Mr. ELLENDER. There is another little item in this bill involving \$5 million in expenses for administering the off-

shore procurement program. The justification appears on page 425 of the hearings, and reads as follows:

Funds in the amount of \$5 million for fiscal year 1958 are required for administrative support incident to offshore-procurement activities devoted to purchasing and contracting under the military assistance program.

That is an administrative cost which is in addition to the \$110 million of which I have been speaking.

The next item, Mr. President, is an item of \$12 million for logistical support of the United Nations forces in Korea.

Mr. President, I ask unanimous consent that the justification be printed in the RECORD at this point.

There being no objection, the justification was ordered to be printed in the RECORD, as follows:

UNITED NATIONS LOGISTICAL SUPPORT IN KOREA

Since the beginning of the Korean war in June of 1950 and through June of 1956, the United States has furnished logistical support to the other United Nations forces operating in Korea. The value of this support totaled \$385 million, with reimbursements from the participating countries of only \$91 million. The appropriations of the military departments provided this logistic support through fiscal year 1956. Beginning with fiscal year 1957 the logistical support of some of these foreign forces, still under the command of the U. N. commander, has been financed by the appropriations made available to the military assistance program.

Fiscal year 1957 program: The budget estimate for this program in fiscal year 1957 was \$12 million.

Fiscal year 1958 program: Each of the nations participating has such a small contingent in Korea that it has been determined that it would be uneconomical and inadvisable to establish a separate logistical base for each country's force. Therefore the United States has agreed to provide the logistical support. To assure continued support in fiscal year 1958, \$12 million is included for this item.

The fiscal status of the program follows:

[In thousands of dollars]

	July 1, 1956 to Feb. 28, 1957	Mar. 1, 1957 to June 30, 1957	Total
Obligations.....	4,929	4,071	9,000
Expenditures.....	4,929	3,071	8,000

Mr. ALLOTT. Mr. President, will the Senator from Louisiana yield for a question?

Mr. ELLENDER. I yield.

Mr. ALLOTT. What page is that, please?

Mr. ELLENDER. Page 429, at the bottom of the page.

The Senators heard me say a while ago that there are a few British troops in South Korea; there are also some Ethiopian, and Greek troops in South Korea, and I think there are soldiers of 2 or 3 other countries there, too. This item of \$12 million is to take care of the logistical support for those troops. It has nothing to do with assisting Korea as such. It is not aid to Korea but it is to be used to pay logistical support for soldiers in Korea other than the United States and ROK troops.

Mr. President, why we should do that is something beyond my comprehension. We cannot maintain our freedom—we cannot maintain our way of life—if we

continue to spend at the rate we are now spending. It seems to me that the more we do for the people of Western Europe the more they expect from us. That is why a moment ago I said a few words in support of the first amendment introduced by my distinguished colleague, when he desired to place this program on a year-to-year basis instead of putting it on a 2-year or 3-year basis as the bill now authorizes it. The bill, as it now stands, will simply make Europe and other areas more and more dependent upon us. They would help themselves much more if they felt that support from the United States would be curtailed at some time.

By this procedure we are abandoning the method which we have used in authorizing this program since its inception.

Mr. LONG. Mr. President, will my colleague yield for a question?

Mr. ELLENDER. I yield.

Mr. LONG. Does the Senator not know that in this bill the Development Loan Fund is already on a 3-year basis?

Mr. ELLENDER. I am prepared to offer an amendment to rectify that abominable situation.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 16 minutes remaining.

Mr. STENNIS. Mr. President, will the Senator yield 5 minutes to me?

Mr. ELLENDER. I yield 5 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the Senator for yielding 5 minutes to me.

Mr. President, I have no prepared speech or address on this subject, but my connection with the general subject matter is such that I feel I owe it to the Senate to say a few words.

I intend to support the amendment of the senior Senator from Louisiana [Mr. ELLENDER].

Mr. President, let me point out that all the expenses of construction, of maintenance and operation of all our military bases and air bases of whatever kind, all over the world, are paid for by us. That includes salaries of personnel, transportation costs and all other costs. That is entirely all right. That is for our protection and theirs.

Then, in addition, there is a second fund for NATO, to which we make our part of the contribution, as a military program, and our percentage of contribution is rather high.

Then there is a third fund, the fund we are talking about now, which is made up of what may be called "loose" money appropriated to the President. I have no objection to a discretionary use of a reasonable amount, but this bill authorizes \$1.8 billion for this third fund alone.

Mr. President, a very wise and influential Senator—he is no longer a member—stood on the floor of the Senate a few years ago and in a powerful speech, in opposition to the first bill authorizing military aid, pointed out with great logic that once it was started it would be very, very difficult to stop the program. I rejected his thinking then, on the ground that there should be some kind of a military assistance program, and I

voted for the program. I shall vote for it, to an extent, now. However, the wisdom of his words about the difficulty of terminating any major part of the program has certainly been proved.

I am not opposing entirely the third fund, which I now speak of, but certainly the Senator from Louisiana, with his very fine knowledge of the practical phase of this program, has conclusively proved that at least the part of the third fund which is for Western Europe is no longer necessary.

I ask the question: If we are not going to reduce that part now, then when shall we reduce it? If we do not move in that direction now, in my humble opinion, we will continue to indefinitely postpone action to reduce it.

The reduction proposed by the Senator from Louisiana will not interfere with certain strategic areas which, I think, must continue to have support, such as Greece and Turkey, which are right under the Russian guns, which occupy strategic places on the globe, and whose economies cannot possibly sustain them in providing adequate defense. They must continue to have aid from several sources. But we are giving all the other areas tremendous aid with our own forces.

Mr. LONG. Mr. President, will the Senator yield?

Mr. STENNIS. I have only a few minutes. I should like to make one more point.

If the Senator's amendment is agreed to, the third fund will still have \$1.3 billion in new obligational authority in it, to be used by the President in such places as he sees fit. If something unexpected should develop, of course, he could use it in Western Europe.

Then there is a fourth fund. The fourth fund is the fund already passed on this afternoon, by a close vote. It is going to stay in the bill. I am not complaining about that vote; it is a part of the picture. That fund is going to be available.

Mr. ELLENDER. May I invite the attention of my good friend to the fact that in addition to the amount of new authority which will be available if my amendment is adopted, the \$1.3 billion, there will also be approximately \$3.9 billion carried over into fiscal year 1958.

Mr. STENNIS. That is a very good point. There is \$3.9 billion in the pipeline, and, if this amendment is agreed to, there will be in this fund \$1.3 billion more, or a total of \$5.2 billion.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield the Senator further time.

Mr. STENNIS. I yield to the Senator from Louisiana [Mr. LONG].

Mr. LONG. Is it not true that we are giving additional military aid to the French? We thought we had helped them enough, and now they have taken the equipment to Africa, thus weakening the NATO defense forces, while they go to fight the Arabs with that equipment.

Mr. STENNIS. The Senator is correct. But my point is that now, with fund on top of fund on top of fund, financed at our expense, continuing on and on and on, ad infinitum, here is an

area of the world where the expenditure can be stopped.

Mr. President, I yield back any time remaining.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield me 2 minutes?

Mr. ELLENDER. I yield the Senator from Oregon 2 minutes.

Mr. MORSE. I wish to associate myself with the arguments made by the senior Senator from Louisiana [Mr. ELLENDER] on this amendment, the junior Senator from Louisiana [Mr. LONG] on the previous amendments, and the Senator from Mississippi [Mr. STENNIS] on this amendment.

I wish to say, so that it will be in the RECORD, that I think the majority of the committee is making a most serious mistake in its adamant refusal to adjust this program downward to the amounts provided by these amendments, because I am satisfied the majority of the committee is quite out of touch with the growing feeling of the American people about the program.

The American people know that they are not being given the facts. The American people know that this bill is being passed, in large part, by having vital material kept secret from the American people. There is a growing question being raised among the American people which I think may jeopardize our whole mutual-security program. As one who does not want to see the mutual-security program destroyed, but regularized, brought within procedural safeguards, and brought within financial reason, I wish to express today my great regret that the majority of the committee has gone as far as it has gone.

I think this is the moment to say that in the meetings of the Foreign Relations Committee there were members of that committee who said that they were voting for the higher figures, not because they thought they were the figures that should be adopted, but because they thought that the House, the Senate Appropriations Committee, and the conferees would cut them. I stated in committee that I would say on the floor of the Senate that when the Foreign Relations Committee takes the position that it will send to the floor of the Senate a bill which does not represent the exact figure which members of the committee think, in their own consciences, they should recommend, the Foreign Relations Committee is not keeping faith with the United States Senate.

In my opinion, as Senators we have a right, on the floor of the Senate, to believe that when a committee brings us a report involving authorization figures, they are the figures which the members of the committee honestly believe are justified. I do not think we should have a committee bringing to us a report with figures higher than some members of the committee say, in committee, are the figures they would recommend. I do not believe in that kind of juggling of figures with the Senate or with the American people. That is why I am disappointed that the majority of the committee is so adamantly fighting these amendments, because I am satisfied that, at least, in the case of some members of

the committee, they honestly believe that the figures should be lower, but they are not recommending lower figures because they think cuts will be made by the House, by the conferees, or by our Appropriations Committee.

I wish to say, respectfully and sadly, that if we do not stop that kind of committee reporting, when reports come from committees we will take the attitude, "How much is in here for bargaining purposes, for horse-trading purposes, for conference purposes, which does not represent the true conviction and intent of the individual members of the committee?"

I do not like to have to take that prediction, but I said in committee that I would make this statement, and I protested submitting to the Senate a report which did not report the true recommendations as to the amounts which individual members of the committee thought ought to be recommended to the Senate.

Mr. ELLENDER. Mr. President, I yield 4 minutes to my good friend from Wyoming [Mr. O'MAHONEY].

Mr. O'MAHONEY. Mr. President, I wish to make clear, in a very brief statement, why I intend to support the amendment of the Senator from Louisiana. In the New York Times this morning there is a report from Quantico, Va., where a meeting of high officials in the Government of this country is being held. The Secretary of State was to be there. The Vice President was to be there. The Secretary of Defense was there, in preparation for the meeting. Yesterday there were some secret conferences, with respect to which no press releases were made.

In his statement to a press conference when the Secretary left the meeting, he made the announcement that because of the increased cost of military procurement he felt it would be necessary for him to order a stretchout of the expenditures available and to be made available for the Department of Defense.

Not only is that so, but he ordered an expenditure of \$500 million at present available for military procurement, for the defense of the United States with its own forces, to be withheld for at least 60 days.

So the question arises in my mind: How can we possibly undertake to authorize huge appropriations for defense, to be expended by foreign countries, when we do not know what we are going to be able to do to defend our own country? If we cannot provide adequate defense for the United States and the territory of the United States, how do we dare to continue with this wild authorization of vast expenditures abroad?

Let me read a few lines from the story by Jack Raymond, in the New York Times for today:

QUANTICO, VA., June 13.—Charles E. Wilson forecast today a stretchout in procurement of weapons and gradual reduction of Armed Forces because of money difficulties.

If the Secretary sees money difficulties on the horizon, to prevent the defense of our own people and our own territory, why in heaven's name are we taking the risk of making excessive au-

thorizations for expenditure abroad, when we know, from the evidence offered by the Senator from Louisiana, that much of the military equipment which we have afforded to France, for example, is being used in a civil war in Algeria? Is that working for peace? Let us be realistic. Let us protect America, instead of wasting our substance, we know not how, with governments which we cannot measure, and which are not stable.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. O'MAHONEY. May I have 1 minute more?

Mr. ELLENDER. I yield 1 minute further to the Senator from Wyoming.

Mr. O'MAHONEY. I point out that we have only what amounts to a "caretaker" government in Italy. The Premier there had to resign because he did not have a majority. There was a miscount.

The new Premier of France is not expected to have an administration that will last for 6 months.

The Government of Great Britain is undertaking to make economical reductions in its military operations. And here we are, trying to provide for the countries abroad, the governments of which are not stable. Let us make sure that we have the material with which to defend ourselves, if the need comes, including submarines and bombs, which otherwise we cannot build here if we waste our funds abroad.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the article to which I have referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of June 14, 1957]
WILSON PREDICTS CUT IN UNITED STATES FORCES—ASSERTS MONEY DIFFICULTIES WILL CAUSE STRETCH-OUT IN ARMS PROCUREMENT
(By Jack Raymond)

QUANTICO, VA., June 13.—Charles E. Wilson forecast today a stretch-out in procurement of weapons and gradual reduction of armed forces because of money difficulties.

"I have not got elastic dollars," the Secretary of Defense said. He was discussing problems that have forced the rate of spending up by \$4 million in 6 months.

Mr. Wilson emphasized, however, that a reasonable modification in the present military program would not drastically affect the Nation's economy.

Besides, he added, he had never subscribed to the thesis that the defense program bolstered the economy. It is a drag on it, he said.

Secretary Wilson discussed fiscal problems of the Pentagon in a news interview at the Marine Corps School here.

TO ATTEND PARLEY

He was among the early arrivals for a high-level Armed Forces policy conference of military and other Government officials. About 170 officials, including John Foster Dulles, Secretary of State, and possibly Vice President Richard M. Nixon are expected to join the military chiefs in panel discussions in the next 3 days.

Mr. Wilson attributed the unprecedented secrecy imposed on the meetings to the nature of the discussions. The press will not receive summarized versions of the papers presented at the meetings, as it has in other years.

The civilian chief of defense denied that the Pentagon had forced the Government to back-track on some of the administration's disarmament proposals.

It was natural, said Mr. Wilson, for the military leaders to be conservative, even overcautious, in dealing with a "risk to the security of our country."

NO LINE OF ITS OWN

But he emphasized that the Pentagon "has no line of its own" in the Nation's disarmament policies.

Secretary Wilson said he was studying several presentations, made by the military services, on the possible effects of his recent orders to stay within the \$38 billion spending program originally planned for the next 12 months.

When his studies are finished, he will present the alternatives to President Eisenhower, he said. The President must make the final decision, he said. Mr. Wilson said he expected to do this after the end of the month.

However, on the basis of preliminary studies, it is clear that the Government is spending more than the President had intended in his budget message of 6 months ago, Mr. Wilson said.

Mr. Wilson pointed out that the spending program for the fiscal year 1957, ending at the end of this month, had gone over \$38 billion when it was intended to be \$36 billion.

The rate of the present spending showed that the \$38 billion program for fiscal year 1958 was being exceeded, he continued.

He appeared to agree with the recent statement by Wilfred J. McNeal, the Pentagon controller, that at the present rates, defense spending would reach \$42 billion in the next 12 months.

TEMPORARY HALT

To put a temporary halt to the flow of expenditures, Mr. Wilson said, he ordered the withholding of \$500 million in available procurement money for about 60 days.

James H. Douglas, Secretary of the Air Force, has protested this order, as well as an accompanying memorandum to hold total defense spending to the \$38 billion figure.

Secretary Douglas has formally asserted that the Wilson directive would impede the Air Force program and affect about \$4 billion in planned procurement of planes and missiles.

Secretary Wilson said today that his Air Force Secretary "was hasty in making that statement and will correct it as time goes on."

Mr. LONG. Mr. President, will the Senator yield to me 2 minutes?

Mr. ELLENDER. I yield 2 minutes to the junior Senator from Louisiana.

Mr. LONG. In line with the argument made by the Senator from Wyoming, I believe there is no more dangerous mistake we could make than to conclude that the gifts of funds to foreign nations, even for their own military establishments, is in the defense of the United States.

I should like to give a good illustration of how we may be sadly disappointed by spreading our wealth and strength among 68 different nations, expecting them to help defend us in the event we find ourselves forced into war.

Let us assume for a moment that Communist China, with its 600 million people, and aided by all the strength of the Soviet Union, decided to move on the

island of Formosa. If that eventuality should come about, we would be at war with two of the largest powers in the world. We would not have any reason then to think that any one of the countries to whom we have given our wealth and resources would join us in that war. In fact, we would have every reason to assume that they would not be there, because they have not been willing to commit themselves to any such war.

It is the height of folly to think that any country which does not possess an atomic weapon would engage in a war between powers that do have atomic weapons when they are not committed to do so. They would decide to sit it out, knowing very well that in any event they would not contribute very much to the success of either side in such a war.

It is entirely possible that not more than one small nation would be at our side in the event we were forced to fight.

It is often argued that we can support five soldiers in a foreign country for what it costs to support one American soldier. The case of Turkey has been cited. The question I ask is what reason have we to believe that those troops would be on our side if fighting should break out? There is no reason to depend on that.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GREEN. I am very sorry that I missed a part of the debate, particularly because as I came into the Chamber one of our colleagues, in speaking on this subject and in discussing the figures, particularly as to which 1 of 2 figures was correct, sought to impute unworthy motives to some of the members of the Committee on Foreign Relations, because they had decided on the figure which the committee has recommended.

There should be no place on the floor for any such intimation. I do not know toward whom exactly the criticism was leveled; but I resent it so far as any members of the Foreign Relations Committee are concerned.

It is well enough for us to wonder how an individual Senator may reach a conclusion, but I do not think that we should go into the motives or the opinions of the separate Members.

The figure that came to use from the President was \$1,800,000,000. Of course, that is an astronomical figure. I cannot comprehend that figure. I cannot comprehend such large figures. I doubt whether any Senator on the floor can comprehend them.

We thought a certain amount of reduction was desirable, and we reduced the authorization by \$100 million. To me, at least, \$100 million sounds like quite a substantial sum. We thought that amount should be deducted from the figures submitted by the President.

Now it is proposed to take an additional \$500 million from that amount. No justification has been shown for it. Therefore, I do not see why any weight should be given to the proposal, or why that figure should be accepted instead of the figure decided upon by the whole Committee on Foreign Relations.

I doubt whether we can reach a better conclusion in that regard than was

reached by the Committee on Foreign Relations. It must be remembered that some of the most important items—and I do not believe any reference has been made to this point—are foreign bases, on which a part of this money will be spent. Undoubtedly some of the money used for those purposes will benefit foreign countries as well as our troops, but our interest in those foreign countries is very great.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KNOWLAND. Mr. President, I yield 5 additional minutes to the Senator from Rhode Island.

Mr. GREEN. Our facts are tied up together. There is no good in going back into our early life span and saying, "What tremendous changes there have been." The changes have been so great that we cannot comprehend them. And new inventions are being made every day. We cannot comprehend what happened 5 years ago. How can we comprehend what will happen a generation from now? We must take things with some imagination, based substantially on the changes which have already occurred. We may have to change all our fundamental ideas. We will certainly have to change our fundamental ideas if we allow the Communist group of nations to outwit us or to outbid us in our effort to be the dominant country in the world.

We have arrived at that point in the United States, not willfully, but by force of circumstances, and we must rise up to the duties imposed upon us by that position in the world. The other nations of the world to whom we have looked up, now look up to us for guidance. We must be generous in our guidance, and not seek to take advantage of them or expect those who are weak and small to give us of what they have left, when they believe that we can afford to pay them for what we take. Our interest, in the last analysis, is almost as great as their's in every instance.

So I hope the Senate will support the Foreign Relations Committee in voting for what the committee has decided is probably the best from the point of view of our country's interest.

I trust that the amendment offered will be rejected.

I do not ascribe any unworthy motives to any Senator who may vote to reduce the amount, but I hope such Senator will express equal confidence in those who differ with him as to the exact figure.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. CARROLL. I wish to say to the Senator from Rhode Island that on every amendment so far I have voted with the committee, and therefore I put this question in good faith. I am concerned, and the people of Colorado with whom I have talked are concerned, about the technical-assistance program. There is a feeling that there ought to be greater emphasis on technical assistance and less on military support and military defense. I put this question in good faith. I know the committee, from the

very excellent presentation just made by the distinguished Senator from Rhode Island, made a cut in the amount. Am I to understand that an additional cut of \$500 million is proposed by the distinguished Senator from Louisiana?

Mr. GREEN. I believe so.

Mr. ELLENDER. That is correct.

Mr. CARROLL. From what particular fund will that come?

Mr. GREEN. From the military authorization fund.

Mr. ELLENDER. From the military hardware fund.

Mr. CARROLL. From what area would that come? Do we know that?

Mr. GREEN. I do not know. I was out of the Chamber during a part of the debate. I am sorry that I was out of the Chamber at the time.

Mr. ELLENDER. If the Senator will permit me to do so, I should like to say that I demonstrated during the course of my remarks that of the \$1,800,000,000 authorized in the pending bill, \$494,400,000 would be aid to our friends in NATO countries in Western Europe. I say they are able to take care of themselves. Thus I take the position that the \$1,800,000,000 military aid amount can be reduced by \$500 million with no harm to our weaker allies. The entire cut can be made in aid to Europe.

Mr. CARROLL. Is it the Senator's contention that the \$500 million comes out of NATO funds, or does it come from other areas not specified?

The PRESIDING OFFICER. The Senator from Rhode Island has 1 minute remaining.

Mr. ELLENDER. As I pointed out a while ago, \$3.9 billion still remain from earlier programs in the military hardware fund, even if we should not appropriate one more dollar. The new program which is being authorized in this bill is in the amount of \$1,800,000,000. I am asking that that amount—\$1,800,000,000—be reduced by half a billion dollars, the amount of aid which is now scheduled to be extended to Western Europe.

The PRESIDING OFFICER. The time of the Senator from Rhode Island has expired.

Mr. KNOWLAND. Will the Senator from Louisiana use some of his own time?

Mr. ELLENDER. I have only 2 minutes remaining.

The burden of my argument is that the military would have enough money with the \$1,300,000,000 which my amendment would authorize.

Mr. CARROLL. I thank the distinguished Senator from Louisiana. I should again like to ask a question of the distinguished Senator from Rhode Island, unless the Senator from Louisiana cares to answer it.

I am trying to emphasize the fact that in Colorado the people are more interested in technical assistance and economic assistance than they are in military assistance—that is, according to the people with whom I have spoken. I recently campaigned there, and I campaigned on that basis. The people of Colorado feel there is too much emphasis on the military aid, and not

enough on the economic assistance, upon which they place great reliance.

Mr. ELLENDER. The amendment I have offered does not affect economic aid or technical assistance. It simply reduces the military hardware program.

Mr. CARROLL. I should like to ask a further question.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. KNOWLAND. I yield 1 additional minute to the Senator from Rhode Island.

Mr. GREEN. One hundred million dollars, I think, was cut from military aid, and \$100 million from other sums for military support, but nothing was cut from technical assistance.

Mr. CARROLL. Did the committee consider whether there ought to be an increase in the amount of funds for economic assistance?

Mr. GREEN. I cannot answer the question directly. There was a discussion back and forth on those items. We discussed pro and con what the President requested, and we reduced in a number of instances the amount the President recommended; but we did not cut the amount he requested for technical assistance.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I am sure there is very little which can now be added to the debate, but I wish to make a comment or two upon the approach of the critics of the bill and those who sponsor the amendment.

The crucial question, it seems to me, is whether the program is for the defense of the United States. If one accepts the thesis advanced by the junior Senator from Louisiana and the senior Senator from Wyoming that the program is not for the benefit of the United States or is not for the defense of the United States, then it ought to be eliminated. I cannot understand Senators voting even for \$1,300,000,000 if we accept the thesis which has just been advanced by the Senators I have mentioned. That is the basic question which all Senators must decide.

The committee decided, the administration has decided for some 10 years, and Congress has decided that the program is for the defense of the United States.

The last witness we heard on the subject was General Norstad, who is a leading general of this country, is also the commander of the NATO forces in Europe. He was very positive—more so than I have ever heard any leading military figure—about the capability of the NATO forces to destroy any significant military objective in Russia. He made these statements, which appear in the printed hearings. I call attention particularly to page 839, where I asked him a question.

Did you say that NATO had the capability of destroying everything of significance in Russia?

General NORSTAD. I meant anything of military significance. Yes, I believe that to be true.

Senator FULBRIGHT. Any think of significance?

General NORSTAD. I think we have that capability.

I submit, Mr. President, if this is not for the defense of the United States, then we are all wrong, and we ought to eliminate the whole bill. But it seems to me to be the most utter nonsense to say that this appropriation is not for the defense of the United States. It most certainly is for our defense.

The way the program is set up is simply our best judgment as to how we shall distribute our available resources. Of course, we could use all the money for our forces in this country, as someone has suggested. But the committee believes, our own military people believe, and the administration believes that it is more economical and more effective for our defense to distribute our resources in this manner—that is, to provide, in this instance, \$1,800,000,000 for military assistance. That is for hardware to our allies abroad. That is a matter of judgment, and that is all there is to it. If Senators disagree, they have the privilege to vote against it.

I do not understand why Senators want to chisel away at this item on the thesis that this program is not for our defense. That seems to me to be an unacceptable excuse for the amendment even though it might be an excuse for voting against the whole bill or for saying we are not for the program.

The next question is—assuming the program is for our defense, as I believe to be the case—should the amount be exactly \$1,800,000,000, or could we get along with \$1,790,000,000? Maybe we could, but nobody knows absolutely. We all know that these matters must certainly be, at this stage, matters of estimates resulting from the exercise of our best judgment.

As to this particular item, the administration itself reduced by \$500 million its original estimate of what was needed. They told us they were able to do that because of the rearrangement of certain schedules, particularly by the elimination of some of the long-lead time necessary, and a different and more efficient method of handling spare parts, and so forth. I shall not now go into details as to that. But the administration gave us an explanation of why they were able to reduce their own request by \$500 million. We were presented by the administration with a request for \$1,900,000,000, and we cut the amount by \$100 million. I cannot pretend to stand up and state that that is precisely the amount which is needed. I do not know. The best estimate which the administration could give was \$1,900,000,000.

We also, to some extent, had the feeling of the Senator from Colorado that because of the necessity to try to be a little more economical and to save as much as possible, if we could cut anywhere, this would be the place to cut. The committee did cut here and in defense support, \$100 million each. That is the best estimate we can make.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARROLL. The Senator from Arkansas has made a very clear statement. I intend to go along anyway with the committee's recommendation. The point I make is, if my information is correct, that we will still have, even with the cut recommended by the Senator from Louisiana in his amendment for this purpose, about \$500 million. I am not saying that is too much. The question I raise is, Are we out of balance with the military hardware?

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. KNOWLAND. I yield 2 additional minutes to the Senator from Arkansas.

Mr. CARROLL. Are we out of balance with the military hardware when we really have a deep conviction that there ought to be more emphasis on technical assistance, and not so much reliance on military assistance? I agree with the Senator from Arkansas that it is a matter of judgment.

Mr. FULBRIGHT. All I say is that we did not go into that field. I think it is very important over the long run. I have tried to defend economic and technical assistance. I cannot say that the committee cut the request by exactly the right amount. I can say we exercised our best judgment. Therefore, we recommended this amount to the Senate.

There is one other point I wish to make. I believe it was the Senator from Oregon who raised the question about this not being exactly the amount, and that the committee was not entirely frank in recommending this amount. I do not know how to comment upon the charge made by the Senator from Oregon other than to say that the committee simply used its best judgment. Whenever there is before us a bill which involves our best judgment as to what should finally be provided, how influential that aspect has been on the Senator from Oregon, I do not know. But I do not think that is particularly significant, in either one way or another, in connection with this debate.

In this case we are dealing with the authorization of a program of reasonable defense for our forces abroad. If General Norstad is not completely in error, I think we have a reasonably good defense. It is very expensive. He explained why that is so. Many of the items are confidential; but all of us know about the type of defense we have, involving many complicated items. There is no doubt that the equipment is extremely expensive.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The time yielded the Senator from Arkansas has expired.

Mr. KNOWLAND. Mr. President, I yield 2 additional minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 2 additional minutes.

Mr. FULBRIGHT. Mr. President, it is reassuring to know that General Norstad assured us that NATO has a capability which will deter the Russians from

engaging in any military adventure at the moment. I think that is very significant, and I regret that all Members of the Senate could not have heard his testimony. I think it puts a somewhat different light on the matter.

Mr. KNOWLAND. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 5 minutes.

Mr. KNOWLAND. First, Mr. President, I wish to commend the distinguished Senator from Arkansas for the very fine statement he has made regarding this matter.

Of course, as a matter of judgment, the administration, after consulting the Defense Department and the National Security Council, recommended \$1,900,000,000. That was the amount recommended by the President of the United States.

The Foreign Relations Committee, after holding its hearing on this matter—as has been pointed out by the chairman of the committee and also by one of its other distinguished members on the majority side—proposed the cut of \$100 million.

Now the Senator from Louisiana proposes that an additional \$500 million be slashed from this military item.

I wish to say to the Senator from Colorado, who has raised a very interesting point, that I do not think any Member on either side of the aisle would fail to agree with him when he says we hope the time will soon come when we shall be able to move from the military applications into the technical assistance programs, which personally I believe—and I have believed so for a long time—constitute one of the most constructive aspects of our entire foreign and mutual aid program; and we look forward to the day when more emphasis can be given to technical assistance. But that item was not cut by the committee, which is very sympathetic with that point of view.

I wish to point out to my colleagues something we dare not lose sight of. With all the talk of the men in the Kremlin and all their smiles and attempts at persuasion, nevertheless the Soviets are maintaining the largest military establishment in the world. That is a fact; I am not indulging in fantasy. This fact is not one which we can take lightly. The fact is that, despite all the propaganda the Soviets are issuing at present, today the Soviets have on the land, on the sea, and perhaps in the air a very large military establishment—the largest in the world. On page 150 of the hearings we find the testimony of the representatives of the Defense Department. I now read from that part of the hearings:

Senator FULBRIGHT. Before you go into that, in land area how does that compare? What percentage of the land area is Communist?

Mr. SPRAGUE. It is slightly more than one-quarter. At the present time Russia has approximately 20,000 operational aircraft, 175 well-equipped ground divisions and the second largest navy in the world, consisting of over 400 submarines, and some 20 cruisers.

Here let me say that the Soviet's submarine force at present is larger than that of Nazi Germany at the height of Nazi Germany's power, when the Nazi submarines interrupted the sealanes of the Atlantic.

I read further from the hearings:

These forces are increasingly becoming equipped with modern weapons, including atomic capability.

The satellite countries of Eastern Europe have in their forces about 80 ground divisions,

They are in addition to the 175 already mentioned—

2,500 operational aircraft, and while these forces are not probably as effective as those of Soviet Russia, they would complement those forces and have a considerable capability anywhere in Europe.

China has 200 ground divisions and about 2,500 operational aircraft. The forces are increasingly, probably mostly, equipped with Soviet modern equipment.

That is the testimony of responsible representatives of our defense establishment.

It is true that the pending bill is only an authorization bill. The House Appropriations Committee and the Senate Appropriations Committee will have an opportunity to examine this program, after more detailed hearings are held. The distinguished Senator from Louisiana [Mr. ELLENDER]—and no member is more diligent in his work on that committee than is he—will sit on the Appropriations Committee and will have an opportunity to ask his probing questions, as I have heard him do time and time again, of the representatives of the defense establishment and the mutual aid program, when they testify before the committee. He will be able to say to them, "The Congress has authorized, at the outside, \$1.8 billion; but we insist that you justify, within that amount, these funds."

That is proper procedure. If, after the hearings, the committees feel that this amount can safely be reduced, I would be in favor of doing so. But I do not believe it would be wise to do so at this time, in view of our national-defense requirements.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KNOWLAND. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 2 additional minutes.

Mr. KNOWLAND. Mr. President, today, when the Government of the United States is engaged in delicate negotiations, no man is wise enough to know whether the Soviet Union is willing to agree to some disarmament proposal which will have adequate safeguards. In view of the record of the last quarter of a century, during which the Soviet Union has violated every agreement into which it has entered with a major power, I know of no prudent Member of this body and no prudent person elsewhere in the country who would favor having the United States take the word of the Soviets,

unless there were some effective check to make sure that they would live up to their agreement. I think that is essential to the preservation of the world of free men.

Mr. President, under these circumstances, it seems to me that it would pull the rug from beneath the feet of our negotiators today, if, with no more facts than those presented by the Senator from Louisiana, word were to go out that the Senate of the United States had rejected the recommendation of the administration and the best recommendations of the Defense Department and the recommendations of the Senate's own Foreign Relations Committee, which has given long hours of study to this matter, and had cut \$500 million from this item, which is so vital to our common defense.

Mr. HUMPHREY. Mr. President, will the Senator from California yield to me?

Mr. KNOWLAND. Yes. But, Mr. President, first I yield myself an additional 5 minutes, in order to have time to yield for the question the Senator from Minnesota desires to ask.

The PRESIDING OFFICER. The Senator from California is recognized for an additional 5 minutes.

Mr. KNOWLAND. Now I yield to the Senator from Minnesota.

Mr. HUMPHREY. First, I wish to concur fully in what the minority leader has just said; and I desire to say to him that if the Senate were asked today to vote on a resolution to provide for partial, unilateral disarmament, I am sure the Senate would unanimously reject it. In other words, if today the Senate were asked to vote to cut United States military manpower and military strength in every area, the Senate would vote against it, in terms of unilateral disarmament. In short, the Senate would be opposed to having the United States agree to be the first to cut her military equipment and military manpower. If asked to vote on such a measure, I am sure the Members of the Senate would vote "no"—if not unanimously, then at least by an overwhelming majority.

Yet we must realize that a cut of \$500 million in this item would be a kind of unilateral disarmament, because this item is a part of the mutual-security program.

In the light of what we know is going on in Korea, with the Communists arming in North Korea, and violating the armistice agreements—as we know they are doing—is not a good deal of the assistance under this program dedicated to the defense of South Korea?

Mr. KNOWLAND. Yes, to the defense of South Korea or anywhere else where trouble might break out.

Mr. HUMPHREY. Is not a good deal of it for Turkey?

Mr. KNOWLAND. That is correct.

Mr. HUMPHREY. In other words, a good deal of it is for Turkey, one of our most stalwart and valiant allies.

Mr. KNOWLAND. Yes. Both of them were at our side during the Korean War. The Turks had sent their forces around the world, in order to stand by our side in Korea. Turkey was one of 17 nations to do that.

Mr. HUMPHREY. Is it not true that a portion of this military assistance is intended for our friends in Vietnam?

Mr. KNOWLAND. The Senator is correct.

Mr. HUMPHREY. Where can we find areas in the world which are more critical to the defense of the free world than the areas referred to? We are not free to divulge point by point or dollar for dollar what these countries are to receive, but, as the Senator from California pointed out, this is not a giveaway program. This is a mutual aid security program. I say one of the most foolish things we could do would be to throw away our trump card before we sat down to complete negotiations with the Soviet Union. It is tough enough to deal with the Soviet Union when we have power. I say we should never sit down with the Soviet Union unless we can deal from strength. We should not cut our strength. Of all the times to cut the strength of American military power, this is the worst. We have Mr. Stassen in London negotiating with the Soviet Union, and here we are talking about pulling half the rug out from under the military aid program.

Mr. KNOWLAND. I fully concur in what the Senator from Minnesota has stated. I think it would be highly detrimental at this time for an amendment such as that offered by the Senator from Louisiana to be adopted.

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. KNOWLAND. In a moment. First, Mr. President, I yield myself five additional minutes.

As I believe the Senator from Arkansas [Mr. FULBRIGHT] and other Senators on the floor earlier expressed it, I am sorry every Member of the Senate could not have been in the room with the members of the Foreign Relations Committee when General Norstad testified. Here is a very able and competent American military official, a man who had wide wartime experience in World War II, a man who is one of our younger officers, who has been given the high and very responsible task of being the supreme commander in Europe of all the allied forces. He came before the committee and gave us a picture which I wish every Member could have heard described, of how the work we had done under the mutual assistance program had vitally strengthened the entire defense concept of the West.

The very fact that we have been able to strengthen ourselves and our allies to the extent he was able to demonstrate with his classified charts before the committee is itself one of the greatest deterrents to war we could possibly have, because in my judgment, the men in the Kremlin are not going to take the calculated risk of another aggression unless they become convinced that their chances of winning are greater than are their chances of losing. If they once come to the conviction that we ourselves or our allies have reduced our strength while they have maintained theirs, as indicated in the testimony before the committee, that will be the hour of greatest danger to the free world. So far as I

am concerned, I do not want to weaken our defense or that of our allies at this point.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KNOWLAND. First I yield to the Senator from Mississippi [Mr. STENNIS]. I had promised to yield to him.

Mr. STENNIS. Reference has been made to pulling the rug out from under our military aid program and running out on our military allies. Does not the Senator know that if the amendment were adopted, there would still be \$1.3 billion in the bill to be added to what I understand is a pipeline of \$3.9 billion for this 1 fund alone? This fund is 1 part of a 4-pronged fund. The amendment would not affect NATO funds. It would not affect the military aid program. It would not affect our defense program. It would not take a single dime away from Vietnam, Turkey, Greece, or Korea. The Senator from Louisiana pointed out there is room for this program to operate in Western Europe, under our military program, and there will be provided aid which we have continued to give over and over again to our worthy allies.

I thought the figures I have given should be brought out.

Mr. KNOWLAND. I say to the distinguished Senator, again it becomes a question of judgment. I have the highest respect for the Senator from Mississippi. He and I served together on the Armed Services Committee for a time; but, unfortunately, when we get into the area of military hardware—and I yield myself 5 additional minutes, Mr. President—it is not merely a question of purchasing and delivering something today and then being through for the next 4 or 5 years. For example, if we delivered a propeller plane, as we did during the Korean war, to the Republic of Korea, and the Communists in the meantime equipped their Communist forces with jet planes, or if we delivered to our allies planes that fly, for example, only 100 miles an hour, and the enemy had planes that fly 200 miles an hour, the equipment we had furnished would become obsolete.

Mr. STENNIS. I merely wanted to bring out those figures for the record. I thank the Senator for letting me bring them out.

Mr. KNOWLAND. I say to the Senator, that is one of our problems. When we get into the field of missiles, they are very expensive. If I had a son in the European theater of operations and he was in an American division, I would not want the division on his left and the division on his right to be equipped with obsolete weapons, because all the Soviet forces would have to do, if they determined to do it, would be to make an end run around the well-equipped American division and run through our allies on the left or right flank. Certainly, that would not be in the interest of our defense.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. AIKEN. I wish to point out that, in carrying out our foreign aid program, both economic and military, since the

enactment of Public Law 480, about \$1¼ billion of the cost of the program has been paid for by foreign currencies received from the sale of surplus American farm products. It is expected that during the next year or so as much or more will be paid from foreign currencies received from the sale of American surplus commodities, mostly cotton and wheat. We had better think the matter over, because if we abandon the program, we are not going to get the sales for our surplus commodities that we have had in the past.

Mr. BUSH. Mr. President, I yield myself 4 minutes on my own time.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 4 minutes.

Mr. BUSH. I oppose the amendment which is now under consideration. I shall vote against it, and shall vote for the bill to amend the Mutual Security Act of 1954, because it is essential to the maintenance of American freedoms, and to the realization of our hopes for ultimate victory in the free world's struggle against Communist imperialism.

The Senate Committee on Foreign Relations, by its year-long study and report, has performed an invaluable service in helping to drive away the fog of misunderstanding which has threatened to obscure the essential purpose of our mutual security program.

The term "foreign aid" is an unfortunate one. It creates thoughts of "give-aways" and "hand-outs" when, in reality, mutual security is as much in our own self-interest as it is in the interest of other nations who have joined with us in a common defense against a common peril.

By clearly defining and separating the separate programs heretofore lumped together under so-called "foreign aid"—military assistance, development assistance, technical assistance and special assistance—the Administration and the Committee have done much to remove causes of misunderstanding and confusion.

The mutual security program has been developed over the past 10 years. It has produced solid results in the American national interest. As the committee said in its report on the bill:

American foreign aid has played an indispensable part in keeping the free world free. Those who would abolish or emasculate the program because of its past mistakes frequently overlook this simple and eloquent fact.

I think, Mr. President, that is the answer to the distinguished Senator from Louisiana, the proponent of this amendment, who said that we had spent in this area \$17 billion, and asked, "What was the result?" He wished to know, what did we have to show for it?

I think we have much to show for it. I think we have peace to show for it, which we would not have, had we not been engaged in this type of program in the past.

Mr. President, in closing I should like to say that I wish to offer my compliments to a great Secretary of State, John Foster Dulles, for the statement which he made before the committee.

It was so good that he was commended by members of both great political parties, by Senators who have served on the Foreign Relations Committee for many years, and who have not always been friendly to him.

I think it is a remarkable tribute to the Secretary of State that with this controversial measure before us this year, after 5 stormy years as Secretary of State, he enjoys the measure of respect that he now enjoys with the Senate Committee on Foreign Relations and the Members of this body. These have indeed been stormy years, Mr. President, because, as the President has so often said, we live in an age of peril and not simply in an instant of danger.

So, Mr. President, if the statement by Secretary of State John Foster Dulles has not yet been printed in the RECORD as a part of this debate, I ask unanimous consent that it now be printed, at the conclusion of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF HON. JOHN FOSTER DULLES,
SECRETARY OF STATE

Secretary DULLES. Mr. Chairman and members of the Foreign Relations Committee, I have come before you to discuss the authorization which we are requesting for our future mutual security programs.

TYPES OF FOREIGN AID PROGRAMS

As noted by the Senate special committee, to which you, Mr. Chairman, just alluded, the money we spend abroad is not on a single program. So-called foreign aid is a term that is given to several quite distinct programs. Each of these is addressed to different purposes. Each employs separate means. Each must be considered on its own merits.

It is to these distinctive programs that I address myself.

I shall try, in each case, to tell what foreign policy purpose the program serves.

I shall explain how the executive branch believes that these purposes can, in the next fiscal year, be better defined and better served.

There are, in essence, four major programs.

First, the mutual defense assistance program, which provides weapons and military equipment and economic support for Allied military forces and facilities;

Second, the development assistance program, which helps free countries achieve economic growth;

Third, the related technical assistance program through which we share our skills with these countries;

Fourth, the special assistance programs, through which we meet particular needs and emergencies that cannot be met by the three preceding programs.

COLLECTIVE SECURITY SYSTEM

I do not have to review with this committee the magnitude of the Soviet and Chinese Communist military threat, or the fact that no free country can obtain adequate security through its own resources alone.

This fact has led to the creation of a collective security system which binds us and 42 other free countries in a common defense against a common peril.

Since 1950, we have provided around \$17 billion in military equipment plus supporting economic assistance to our allies' military programs. During this same period, our allies have spent over \$100 billion for defense, and they have provided manpower for the armed forces of the free world, and

they have provided sites for highly valuable bases for our and their forces.

Without our assistance, these allies' military programs could not have been carried out. With these programs, we are enabled to spend far less on our own military programs—and to achieve far greater security—than would otherwise be the case.

MILITARY AID AND DEFENSE SUPPORT

Collective security is truly a case in which the whole is greater than the sum of the parts. And the instrument which creates the whole out of these parts is our mutual defense assistance program.

This program consists of two elements:

First, the provision of military equipment to friendly forces. This is what, in the past, has usually been called military aid.

Second, economic aid given to allied countries to compensate their economies for contributions made to the common defense, when these countries cannot unaided make the contribution judged necessary. Many of the less-developed countries, such as Korea, Formosa, and Vietnam, cannot maintain the desired forces without some outside help, and sometimes the provision of essential facilities for the common defense involves burdens for which compensation is appropriate.

In the past, much, but not all, of this aid, has been called defense support. But the phrase has also been used to include assistance to some of these same countries for other purposes, such as economic development and growth.

This labeling produced misunderstanding, both at home and abroad. We believe that what in the past has been called defense support should hereafter be confined to what is distinctly related to an effective military contribution.

Development assistance to stimulate economic growth should be dealt with separately.

For fiscal year 1958 we are asking for \$1.9 billion for the provision of weapons and military equipment, and \$900 million for true defense support. This totals \$2.8 billion. It is approximately three-fourths of what we are asking the Congress to appropriate for all the mutual security programs.

Both these types of defense assistance—military equipment and support—have more in common, in point of purpose, with other elements of our own defense program than they do with other types of so-called foreign aid. They contribute to and maintain our military security just as expenditures for our own forces do.

That is why the President has recommended that defense assistance should be recognized and treated as an essential element of our own worldwide national defense effort. To do this effectively, he requests that appropriations for military assistance and for related defense support should now be so authorized that hereafter they may be included as a separate part of the regular appropriations for the Department of Defense. Both would continue under the policy guidance of the President and the Secretary of State.

SEARCH FOR REDUCTION OF ARMAMENTS

Requirements for defense are substantial, but they are necessary. We are, of course, actively seeking a sound and safeguarded basis for reciprocal reductions of armaments, which weigh heavily upon our country, the Soviet Union, and indeed nearly all nations.

It is not easy to reach such an agreement. Experience has demonstrated that agreements with the Communists are not dependable so long as they are merely based upon paper accords. Good faith is not a factor which can be relied on to assure continued adherence by Communists to the terms of an agreement. Therefore, the free nations cannot safely reduce their military

strength merely in reliance upon promissory agreements by the Soviet rulers to reduce correspondingly. We do not, and will not, rely upon Soviet promises alone. There must be adequate means to verify performance and to gain increased protection for the free world against surprise attack. We do seek an agreement that will be in the mutual interest of the parties, an agreement that would decrease the danger of war.

We find it hard to believe that the Soviet rulers will not in their own self-interest eventually accept such mutual supervision and control as will permit of lightening the burden of armament, and will provide to both sides a better prospect for a just and durable peace.

We do not know today whether the Soviet leaders consider that the benefits of an armaments agreement justify their submitting to a system of adequate inspection.

But even on the most hopeful estimate, the first steps of armaments reductions will have to be carefully calculated and carefully taken. It would be folly now, in the absence of a safeguarded agreement for the inspected reciprocal reduction of armaments, to weaken in any manner the collective-security system which provides the greatest deterrent against aggression at the least cost.

ASSISTING ECONOMIC DEVELOPMENT OF INDEPENDENT NATIONS

I turn now to the economic development aspect of mutual security.

We propose the establishment of a development-loan fund to assist the economic development of other independent nations. The Senate special committee has found that this, and I quote from their report, "is in the interest of the United States." This statement is particularly, though not exclusively, applicable to 19 new nations which have come into existence since the end of World War II. These nations contain nearly a third of the world's population. Most of them are close to the Soviet-Communist China bloc. They are nations where poverty is age old. The per capital annual incomes of most of the peoples of these nations is well below \$100 a year. Their food production is at levels of bare subsistence inadequate for hard productive work.

It is important to us that the people of these nations should remain free, that their strategic lands should not fall under Communist control, that their resources should be available to their own people and in commerce with other free nations.

For generations these people have fatalistically accepted stagnation. But now their mood is different. Two intense emotions now grip the peoples of these new nations. The first is a desire to maintain and strengthen their newly won political freedom. The second is a determination to raise their pitifully low standards of living and get started quickly on the inevitably long road to economic betterment.

FREEDOM AND ECONOMIC GROWTH

But the obstacles to growth are substantial. There is a shortage—sometimes an absence—of technicians. The governments are inexperienced. With incomes at the barest subsistence levels, very little can be saved and invested. Without outside help, the prospects of economic growth are indeed very slim.

These people are determined to move forward. If they do not succeed, there will be increasing discontent which may sweep away their moderate leaders of today and bring to power extremist leaders who will resort to extremist measures fostered by international communism.

Today hundreds of millions in these countries seek the answer to this simple question: Do political independence and freedom mean economic growth? If these peoples do not feel that in freedom they get growth,

then freedom will be on its way out in much of the world.

It is in our interest to help to demonstrate that freedom and growth go hand in hand. That is the conclusion of your special committee as it is of the President.

The question then becomes what is the most economical and effective way to do this?

DEVELOPMENT LOAN FUND PROPOSAL

The recommendation of the President and the conclusion of your own special committee is that this should be done through the establishment of a development loan fund.

How should such a fund work?

For the past few months the executive branch has given lengthy and detailed study to many aspects of this question. We have had advice from many quarters. We have reached a number of conclusions. These conclusions are sufficiently firm, detailed, and well founded to make us feel that the fund should be founded now, without another year's delay.

What are some of the essentials?

First, the recognized purpose of the fund should be to assist the less-developed free countries to get economic growth underway.

Second, the fund would operate on terms of repayment. A substantial part of its activities should be in loans, but it should also be empowered to use other banking and financing arrangements, such as credits, and guaranties, in carrying out its purposes. It could not, however, make grants. Its loans would be made available on repayment terms less rigid than those of existing institutions. Repayment could be in foreign currencies, as well as dollars, and interest could be waived or suspended.

The fund would primarily be an instrumentality of foreign policy, and as such take greater financial risks than those acceptable to existing institutions. The fund's expectations of repayment would be based, however, on confidence in the long-range future of the nation it is helping. If the fund achieved its object, as I believe it would, then confidence would prove justified.

Third, the fund would seek cooperation with private investors and established lending institutions. It could participate in joint financing with private investors, the World Bank or the Export-Import Bank, adjusting its own repayment claims to those of these others. It would not loan its funds where other loans and private investment were available. Properly administered, the fund would not reduce but would increase the effective flow of activity through normal channels of finance.

Fourth, the fund could be used only for development projects and programs which seem technically and economically sound and which could be expected to contribute to the economic progress of the borrowing country and to the long-range interest of the United States in the welfare of that country. It would not be used to meet emergencies or other needs for short-term assistance. Continued financing by the fund to any country would depend upon that country's record of performance.

Fifth, a substantial part of the financing undertaken by the fund would be devoted to basic works such as transport, communication systems, power installations, harbors, irrigation and drainage projects—the capital needed to create the economic environment in which private initiative can come into play. The fund could also use its resources to support local development banks and private enterprises engaged in developing the countries we seek to help.

Sixth, the fund should be established upon a basis of continuity with sufficient capital for several years' operations. As I said here last month, economic development is a long-term process. It is not an annual

event. If our assistance is to be useful at all, it should be provided on a sustained basis that is consistent with the long-term nature of the job to be done.

It is not necessary that all the capital of the fund be provided at once. But it is essential that there be initial provision for future availability. For this reason the President has asked that there be provided this year an appropriation of initial capital and the authority to borrow additional capital from the Treasury in the second and third years. Such borrowing authority has been used to capitalize other United States lending agencies. These additional funds which would be borrowed from the Treasury would not be available for obligation until such second and third year. However, the fact that they would be available will give the countries we wish to help and our own administrators the assurance they need to plan ahead.

This new approach we contemplate requires that we get away from annual authorizations or appropriations. These inevitably tend toward a system of illustrative programs as a basis for justifications. These are not compatible with the assurance of continuity essential to good planning and to the new long-term loaning concept. They are not compatible with cooperation with such organizations as the International Bank for Reconstruction and Development and Export-Import Bank, which operate on a long-term businesslike basis with established capital.

AUTHORIZATIONS AND APPROPRIATIONS REQUESTED

The President has requested an appropriation of \$500 million to be available for the fund in fiscal year 1958, and authority to borrow \$750 million in fiscal year 1959 and the same sum in fiscal year 1960. Any unobligated balances of any year would be carried forward as part of the fund's working capital.

The sums the President has requested are, we believe, conservative figures. The two reports made to your special committee which relate to a development financing program both conclude that a loan fund to be effective should be able to finance development activities at a higher rate than at present. This was also the conclusion of the International Development Advisory Board, which recommended that "the initial congressional appropriation for the fund should be sufficient for a substantial increase in capital investment and technical assistance programs." Another study, that of the Research and Policy Committee of the Committee for Economic Development, has suggested an initial 5-year program at the rate of \$1 billion per year in addition to our existing level of expenditures for economic assistance.

One of the witnesses before your special committee rather aptly compared economic development with getting an airplane off the ground. You have to achieve a certain minimum rate of speed to take off. It would not be prudent to invest our resources in development programs which are too small to offer any hope of eventually achieving a self-sustaining rate of growth.

FUTURE COST AND DIRECTION OF FINANCING UNDER THE FUND

What of the future cost and direction of financing under the fund? There is a popular idea that the underdeveloped areas are a bottomless pit. In reality, as the Committee on Economic Development says in its report: "The amount that can be productively invested in the underdeveloped world is not enormous but is in fact rather strictly limited." The duration of the need for financing of the kind the fund would supply is also reasonably limited. It is not our purpose to finance the development of these nations to the level of our own econ-

omy. It is rather our purpose to help them gain a momentum of economic progress which will make it possible for them to go forward on their own capital formation, with outside assistance confined to private investment and other normal sources of financing.

We should think of the funds as a long-term operation but not as going beyond the time when it serves the enlightened self-interest of the United States. As it serves its purpose, the calls upon it should decline.

TECHNICAL ASSISTANCE RECOMMENDATIONS

I turn now to the third program, technical cooperation.

There is universal agreement that the technical cooperation program is valuable and should be continued on substantially the present basis. The executive branch so recommends.

We believe, furthermore, that this program has proved its worth as a long-term instrument of United States policy and that it should be authorized on a continuing basis.

The President has recommended an appropriation of \$168,900,000 for this program next year.

This figure includes, in addition to our regular bilateral program, our contribution to the technical assistance program of both the Organization of the American States and the United Nations.

Last year the Congress recommended that our proportionate contribution to the United Nations expanded program of technical assistance should be reduced in fiscal year 1958 to 33½ percent from the present level of 49 percent. Since that date, the Subcommittee on Technical Assistance of the Foreign Relations Committee has recommended in its final report that this proviso be reconsidered. This report favored a reduction of the percentage of the United States contribution but urged that "precipitous action to this end should not be taken," and noted that a reduction to 33½ percent in 1 year might have deleterious effects on this important United Nations activity. We agree with these conclusions and believe that any reduction should be phased over several years. The President has accordingly recommended that the level of our contribution be set at 45 percent for fiscal year 1958, compared to 49 percent at present.

SPECIAL ASSISTANCE

The final category of our aid is special assistance.

There are some programs, like the malaria eradication program, that do not fit into any of the preceding categories.

There will inevitably be occasion when it will be in our national interest to furnish assistance to friendly nations—assistance which is not designed to support our common defense effort and which could not properly be handled through the development fund or technical assistance.

There are bound to be emergency situations which we cannot foresee and there are bound to be efforts we need to support without prospect of repayment.

International communism is constantly probing to discover and exploit weak points within the free world. We cannot tell in advance where these weak points will develop or the amount of pressure which international communism will bring to bear. We must have reserve funds which can be thrown into the breach if we are to conduct successfully the cold war which international communism has forced upon us.

During the past few years there have been emergency situations in many places where immediate grant aid was necessary. Such situations have arisen in relation, for example, to Iran, Jordan, Hungarian refugees, and Guatemala. It can be soberly estimated that international communism would have gained spectacular victories, and that freedom would

have suffered tragic defeats, if the President had not had substantial discretionary funds to use to meet unpredictable emergencies. The fact that the President has had such funds has meant on net balance a vast saving to the cause of freedom to which we are dedicated.

AMOUNT REQUESTED FOR SPECIAL ASSISTANCE

Aid of this nature is designed to meet immediate needs, not to finance long-term programs. It is appropriate that it should be authorized anew each year.

The President has asked for the authorization of an appropriation of \$300 million for special assistance.

This figure includes three separate elements. Approximately one-third of it has already been programmed for firm requirements, such as our malaria eradication plan and certain special country programs. Another third is designed to provide for recognized but unprogrammed needs, including further assistance for the Middle East under the American doctrine. In addition, we need continuation of the special Presidential fund to meet unforeseen contingencies.

FOREIGN AID STUDIES

The total program which I outline reflects the results of the intensive study which has been given to this subject during the past year. Such study has been given by the executive branch of the Government, by both Houses of Congress, and by special groups of qualified persons who have been asked by the President and by the Congress to study this problem.

These studies indicate no substantial disagreement as to the need of mutual security programs dealing both with military and nonmilitary matters. There is also, we believe, an unusual consensus as to the general order of magnitude which these programs should assume. There is also a large measure of agreement that our mutual security programs can be better organized than has been the case heretofore. The executive branch of Government shares that view and it is reflected in the President's special message, which is before you, and the proposed legislation, in this presentation.

Let me recall, in conclusion, that the Constitution of the United States specifies as among the basic purposes of our Government to "provide for the common defense * * * and secure the blessings of liberty to ourselves and our posterity." Under today's conditions a common defense is most effectively promoted, and the blessings of liberty most effectively secured, by the mutual security programs I have described.

We know full well that this committee has ably and conscientiously studied this whole problem. We have taken into account its views, particularly as expressed in the report of the Senate special committee, published on May 13. The executive branch of Government welcomes, and will seek to merit, the cooperative spirit which is manifested by this committee.

Thank you, Mr. Chairman.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. President, I will take only a very few minutes. I regret the remark made by my distinguished colleague, the Senator from Oregon, with regard to the activities of our committee, because I feel it was unfortunate to suggest that we had any unworthy motives. I saw no evidence of any unworthy motives by members of the committee in arriving at our conclusions in the committee.

What I wish to speak of especially is the participation by the other nations of the world in this joint effort. The

question seems to be, are we paying for everything ourselves, with no one else paying for anything?

I wish to place a few things in the RECORD, to indicate what we are doing. In the first place, I should like to give a breakdown of how the military funds for the fiscal year 1958 mutual-security program are intended to be expended. The table I have here, which is printed on page 4 of the committee report, shows for Europe, \$338,509,000; for the Near East, South Asia, and Africa, \$390,407,000; for the Far East and Pacific, the area which is so much in trouble today, \$689,829,000; for Latin America, which is, of course, in less trouble, \$25,956,000; and for nonregional programs, which mean administrative expense and new weapons, especially the missile weapons, \$955,299,000. That makes a total for the fiscal year 1958—and these figures came to us from the administration—of \$2.4 billion, with an unobligated carryover from fiscal year 1957 funds—which needs to be reappropriated—of \$500 million, making the authorization request \$1.9 billion, the figure which came to us from the administration.

It has been stated here that we fully considered that figure very carefully. The committee felt that \$100 million could be taken off the amount, without impairing the effectiveness of the program.

The detail for each one of those figures which I have placed in the RECORD, as I say, was presented to us by the experts from the military department and by the experts from the State Department. We asked every question we wanted to ask. We stated in our report that it is possible for any Member of the Senate to go downstairs into the Foreign Relations Committee office to see the charts and figures given to us, in detail. Nothing has been concealed. There is no purpose in concealing anything, and there are no blank checks.

Mr. WATKINS. Mr. President, will the Senator yield for me to ask him a question on that very point?

Mr. SMITH of New Jersey. First, let me point out, with regard to participation by other countries in the world in these mutual security pacts with us, that from the time of the beginning of NATO through the fiscal year 1956, the United States expenditures for military assistance have been \$17.4 billion, and the defense expenditures by our allies have amounted in that period of time to \$107 billion, nearly 10 times as much. So the feeling that we are carrying the entire load is one with which I must take issue.

Furthermore, if we limit consideration to European NATO defense, I can give the same breakdown of figures, reading from page 140 of the hearings before our committee. This is the explanation of a chart which was presented, and appears on page 140, under the title, "The Mutuality of Our Defense Efforts"; it shows the European NATO defense, and the way it is broken down between European NATO countries and the United States:

The contribution which we have made to the free world defense efforts of our allies,

important as it has been to encourage and stimulate those efforts, has been very small compared to their own defense expenditures. For example, our expenditures for aid to European NATO countries amounted to \$300 million in 1950; these countries themselves made defense expenditures of \$6.5 billion that year. In 1953, when our expenditure for aid increased to \$3.2 billion, they expended for defense \$12.8 billion, or 80 percent of the \$16 billion total of their effort and our contribution combined. And in 1956, when our contribution to their efforts amounted to \$1.7 billion, the NATO nations of Europe spent \$13.1 billion for defense; their share had thus risen to almost 90 percent of the total of their defense expenditure and our military assistance combined.

The **PRESIDING OFFICER**. The time of the Senator from New Jersey has expired.

Mr. **KNOWLAND**. Mr. President, I yield the Senator 2 additional minutes.

Mr. **SMITH** of New Jersey. Mr. President, those figures speak for themselves. I am glad to give them for the **RECORD** at this point.

There is one thing more to which I wish to invite attention. Reference has been made to General Norstad. We all know that his duty is to act as the Supreme Allied Commander in Europe, of SHAPE, the head man of the NATO operation. In his testimony, he spoke about the airfields, the acquisition of which has represented a large part of our expense.

Let us see how much our allies did in contributing to these air forces. Going back, to bring it up to date, General Norstad said:

In 1951 we had information on about 20 airfields which might possibly be made available to NATO in the event of hostilities. Some were civilian airfields that we planned on taking over. Some were not too useful to us, but about 12 or 15 could be used for our purposes.

The **PRESIDING OFFICER**. The time of the Senator from New Jersey has expired.

Mr. **KNOWLAND**. Mr. President, I yield 1 additional minute to the Senator from New Jersey.

Mr. **SMITH** of New Jersey. General Norstad said further:

In the course of developing the NATO airfield program, we had to run the full play of problems met in an alliance. In the first place, we had to have a general concept or a strategy. We had to develop the force requirements necessary to carry out this strategy. Then we had to determine what bases were required. We had to get agreement of the 15 countries. * * * We now have a substantial number of NATO airfields—some 150 of them.

These are fields that have been built for our account by allied decision with allied money.

The percentages I have mentioned show that for the most part, the expenses for the airfields, which we have sought and which we are supporting, will be paid by the allied group. I want to make that clear. This is not a giveaway program. We are not supporting the security of the world. We are contributing our share—and a large share—but I want to give credit to the other countries which have worked so ably, and are contributing a large share in developing the whole concept of mutual defense. I also give credit to the President of the United States.

Mr. **KNOWLAND**. Mr. President, I yield 5 minutes to the distinguished Senator from Illinois [Mr. **DIRKSEN**].

Mr. **DIRKSEN**. Mr. President, I wish to address myself very particularly to my very genial colleague on the Appropriations Committee, the Senator from Louisiana [Mr. **ELLENDER**].

When I think of the amount he wishes to cut from this bill, I try to keep it in relevant perspective. There are very few absolute values in the world; but I remind him that on Wednesday of this week we had before us a certain appropriation bill. We completed action on it in an hour and fifteen minutes. It contained 1 item, for only 1 function, which was 9 times as great as the entire amount projected in the present bill for military assistance to all of Europe. I refer to the item for pensions and compensation for more than 3 million veterans. The estimate was \$3 billion.

The minority leader has dealt persuasively with the danger that is still in the world, but I like to think also of the effect in case anything should happen. I do not want to charge my spirit or my conscience with any dereliction of any kind which might result some day in forfeiting the life of young Americans.

Let us think about the expenditure which will be made, and which will be a continuing expenditure for a long time, and then seek to reconcile it, in relative terms, with the amount of authorization carried in this bill.

The distinguished Senator from Mississippi [Mr. **STENNIS**] stated that this measure would have no effect on NATO. Frankly, I do not understand his reasoning. I am at liberty, I think, to use the figure of \$338 million of the funds in this bill, for aid to Europe. That figure involves military aid to 12 countries. Nine of those countries are NATO countries.

I was not a Member of the Senate when we joined the North Atlantic Treaty Organization, but we are there. If it is to be of any value whatever to this country it must be an effective line. That is the eastern perimeter.

I share the sentiment expressed by the Senator from Arkansas [Mr. **FULBRIGHT**]. If I were persuaded that this program was not in the interest of the security of the United States, I would be against the bill, and against every amendment that is offered. But I have never been of that persuasion. I believe, on the basis of the advice and information which has come from our constituted military leadership, that this program is in the interest of our national defense.

Nine NATO countries will share in the \$338 million which will be in this bill for 1958 for military assistance. So how can it be argued that this program has no impact upon our NATO responsibility?

Why was the figure of \$338 million selected for this item? Incidentally, there are six large volumes in the security storage of the Appropriations Committee. The facts and the bewildering figures are almost enough to confound any finite mind. Yet when the appropriation bill goes to the Appropriations Committee, we shall be expected to have all

the testimony of our experts, and to examine every one of these items, and then report to the Senate the opinion of the Appropriations Committee, within the framework of this authorization, as to how much should be appropriated for 1958.

Why was the figure of \$338 million selected? There are three reasons. The committee said, "This is the amount which is necessary on the basis of what we estimate to be the importance of forces in Europe to our own security."

Secondly, they said, "There is an essentiality of equipment." The Senator from California mentioned it more concretely when he spoke of the possibility of his son serving in a division in the middle, flanked by weaker divisions, inadequately equipped. The military leaders had that possibility in mind. They cited the essentiality of equipment as a second consideration.

Finally, they pointed out the inability of the respective countries, either because of political, economic, or technical reasons, to procure particular types of equipment abroad.

It is just that simple. So I earnestly hope that, because of the persuasiveness of the case against this amendment, it will not only be rejected, but will be roundly rejected by a very preponderant vote. It is not enough to tell the world that by a vote of 48 to 40, or thereabouts, we rejected this kind of an amendment. I think there should be a resounding voice from the Senate of the United States, in a rather feverish hour, to let the world know—and particularly those who dominate the policies of the Soviet Union—that we speak pretty well with one mind, one heart, and one spirit, and that we are united in our determination to make adequate provision for the security of the United States, whether it involves that portion of the perimeter in Korea, or along the 17th parallel in Vietnam, or whether it involves the NATO line in Europe; and, of course, the NATO line is going to share in the appropriations authorized by the pending bill.

Mr. **KNOWLAND**. Mr. President, I yield 3 minutes to the junior Senator from California.

Mr. **KUCHEL**. Mr. President, I very much doubt if there is a single Member of the Senate who does not recognize international communism as a constant and continuing menace to the peace, the security, and the dignity of the people of the United States—and, indeed, to the people of the entire free world.

I very much doubt if there is more than a handful of people in the country who would disagree with that position. I think it is generally conceded, too, that the overwhelming reason why international communism has been deterred in its history of aggression has been the possession by the free world, and particularly by the people and the Government of the United States, of a powerful arsenal of nuclear weapons of defense.

But there are other reasons, too. One outstandingly important one lies in the collective security system which has been generated in great part by the American Government among like-minded free na-

tions in Europe, as well as in Asia, and in our own Western Hemisphere.

I had an opportunity last year, with half a dozen other Members of the Senate, and a like number from the House of Representatives, to participate in the North Atlantic Treaty Organization parliamentary conference. It was a stimulating and moving experience to see members of the parliamentary governments of 15 nations, with their divergent views on many questions, some of whose countries had been at war a few short years before, nevertheless united in a common goal, standing together in the face of danger in order successfully to deter communism in western Europe, or, if necessary, to repel it.

Western Europe, with its 200 million people, is important to the cause of freedom. The proponents of the pending amendment made an error in alluding to NATO in this debate. NATO is the pre-eminent example of effective mutual security. Our collective security system of the North Atlantic nations, in my judgment, has contributed materially and mightily to the cause of freedom here and elsewhere around the globe by its growing defensive strength to deter aggression. We should not now by our vote here undermine or weaken that strength.

The American people can be grateful that we are at peace; a vital part of the reason for that peace, in my judgment, is the system of mutual security for which this bill will be a further implementation.

For my part, I am proud to follow the membership of the Committee on Foreign Relations which in overwhelming numbers put its faith in the recommendations of the President of the United States. A year ago we had a debate on the floor of the Senate, and there were some Senators who wanted to overrule Dwight D. Eisenhower with respect to his recommendations for the defense needs of the country. I made no apology for following him on that occasion. I make no apology for following him on this occasion. It will be to the credit of the overwhelming majority of the membership of the Senate on both sides of the aisle that when the roll is called, in good comradeship we will stand up and vote for the pending bill. We will defeat this crippling amendment in a demonstration of the faith the people of this country have in the cause of peace and freedom, through the defensive strength of the free world.

Mr. KNOWLAND. Mr. President, if there is no further time to be used, I am willing to yield back the remainder of my time.

The PRESIDING OFFICER (Mr. BIBLE in the chair). No time remains for the Senator from Louisiana.

Mr. KNOWLAND. Mr. President, I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time is yielded back. All time for debate has expired.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McNamara
Allott	Gore	Morse
Anderson	Green	Morton
Barrett	Hayden	Mundt
Beall	Hennings	Murray
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Pastore
Bush	Hruska	Potter
Butler	Humphrey	Purtell
Byrd	Ives	Revercomb
Capehart	Jackson	Robertson
Carlson	Javits	Russell
Carroll	Jenner	Saltonstall
Case, N. J.	Johnson, Tex.	Schoeppel
Case, S. Dak.	Johnston, S. C.	Scott
Chavez	Kefauver	Smathers
Church	Kennedy	Smith, Maine
Clark	Kerr	Smith, N. J.
Cooper	Knowland	Sparkman
Cotton	Kuchel	Stennis
Curtis	Lausche	Symington
Dirksen	Long	Talmadge
Douglas	Magnuson	Thurmond
Dworshak	Malone	Thye
Eastland	Mansfield	Watkins
Ellender	Martin, Iowa	Wiley
Flanders	Martin, Pa.	Williams
Frear	McClellan	Young

The PRESIDING OFFICER. A quorum is present. The question is on the amendment offered by the Senator from Louisiana [Mr. ELLENDER]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from West Virginia [Mr. NEELY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

On this vote the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from North Carolina would vote "yea" and the Senator from West Virginia would vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. LANGER], and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

If present and voting, the Senator from Maine [Mr. PAYNE] would vote "nay."

On this vote the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from North Dakota [Mr. LANGER]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from North Dakota would vote "yea."

The result was announced—yeas 26, nays 61, as follows:

YEAS—26

Anderson	Hruska	Morse
Bible	Jenner	O'Mahoney
Byrd	Johnston, S. C.	Robertson
Chavez	Kerr	Russell
Curtis	Long	Stennis
Dworshak	Magnuson	Talmadge
Eastland	Malone	Thurmond
Ellender	Mansfield	Young
Frear	McClellan	

NAYS—61

Aiken	Bennett	Capehart
Allott	Bricker	Carlson
Barrett	Bush	Carroll
Beall	Butler	Case, N. J.

Case, S. Dak.	Ives	Potter
Church	Jackson	Purtell
Clark	Javits	Revercomb
Cooper	Johnson, Tex.	Saltonstall
Cotton	Kefauver	Schoeppel
Dirksen	Kennedy	Scott
Douglas	Knowland	Smathers
Flanders	Kuchel	Smith, Maine
Fulbright	Lausche	Smith, N. J.
Gore	Martin, Iowa	Sparkman
Green	Martin, Pa.	Symington
Hayden	McNamara	Thye
Hennings	Morton	Watkins
Hickenlooper	Mundt	Wiley
Hill	Murray	Williams
Holland	Neuberger	
Humphrey	Pastore	

NOT VOTING—8

Bridges	Langer	Payne
Ervin	Monroney	Yarborough
Goldwater	Neely	

So Mr. ELLENDER's amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment of the senior Senator from Louisiana [Mr. ELLENDER] was rejected.

Mr. KNOWLAND. I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I call up my amendment designated "6-12-57-D" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 24, lines 7 and 8, it is proposed to strike out the figure "\$1,800,000,000" and insert in lieu thereof "\$1,500,000,000."

Mr. LONG. Mr. President, I yield myself as much time as I may require.

I now modify my amendment by striking out "\$1,500,000,000" and inserting in lieu thereof "\$1,700,000,000."

This would represent a reduction of a mere \$100 million from the amount recommended by the committee. It is a reduction of approximately 5 percent.

I offer this amendment in an effort to see if there is any disposition on the part of a majority to make any reduction within the bill.

I am frank to say that members of the majority of the committee would have been willing to support a reduction of the bill if there had been a disposition on the part of those in the minority to go along with them in recommending a lesser figure. Some members of the majority of the committee indicated a willingness to vote for a lesser figure if the committee could unanimously report a bill to the Senate, but they felt that if the bill faced further reductions on the floor they should hold out for the figure reported to the Senate.

My amendment, as modified, would make a reduction of a mere 5 percent in the funds available for military assistance, or a reduction of approximately 2½ percent in the overall amount provided in the bill.

I point out that in most of the appropriation bills which have been going through the Senate, there has been a disposition on the part of the Senate to make reductions greater than that made by the Committee on Foreign Relations in this bill. The average reduction ap-

pears to have been 7 percent. That would be the reduction the Senate would have made in this authorization if it adopted my amendment, as modified.

If Senators feel they do not wish to vote without making some reduction, I may say that more than \$6 billion is already available with which to carry out the program. Therefore, I believe this reduction could be made and should be made.

Furthermore, I suggest to Senators something of which I am convinced myself, namely, that in years gone by Congress has always made reductions in this program, usually in the authorization bill and in the appropriation bill, as well. Undoubtedly there is a tendency on the part of the executive branch to ask for more money than is absolutely necessary, with a realization that there will be some reduction made by the Senate or at least by the House—in one House or the other.

I feel that some Senators would like to vote for a minor reduction in the appropriation, at least. For that reason, I offer the amendment.

Mr. REVERCOMB. Mr. President—

Mr. LONG. I yield to the Senator from West Virginia.

Mr. REVERCOMB. I thank the Senator from Louisiana.

My question is as follows: The reduction in the amount of \$100 million, which would be the effect of the amendment of the Senator from Louisiana, if it were agreed to, would be a reduction in the authorization for direct military aid; is that correct?

Mr. LONG. Yes. I should like to point out that if we make this minor reduction, then, when those in charge of the program are subsequently required to testify before the Appropriations Committee, they would be required to explain how this much reduction could best be made in the appropriations for the program. Otherwise, in carrying out the policy of the administration, they would be bound to fight for every last cent of the administration's request.

Mr. AIKEN. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. AIKEN. If the pending amendment is agreed to, then, when the corresponding appropriation bill is subsequently before the Senate, will the Senator from Louisiana support, in connection with that bill, the amount of the appropriation which his amendment now would authorize?

Mr. LONG. I believe it would still be excessive, so I would fight for some reduction. Even if we are unable to persuade some of our colleagues to vote for what, in your judgment, would be a more appropriate figure, we should not be asked to vote for an excessive figure. The argument which was made in the committee appeared to suggest that if Senators are unable to get their colleague to vote for the figure which they believe to be warranted, they should then vote for a larger figure than the one they would otherwise recommend. I will not yield to that suggestion.

Mr. AIKEN. Will the Senator from Louisiana indicate what he regards as

an appropriate amount for this item, for inclusion in the appropriation bill, when it comes before the Senate?

Mr. LONG. I voted for the amendment of my colleague from Louisiana [Mr. ELLENDER]; I think it would have been much more in line. If his amendment had been agreed to, I would have voted for the bill, on the question of final passage. But since his amendment has been rejected, I am frank to say that I do not intend to vote for the bill, on the question of final passage.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Louisiana.

Mr. LONG. On this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. KNOWLAND. Mr. President, I hope the modified amendment will be rejected, along with the others.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the modified amendment of the Senator from Louisiana, on page 24, in lines 7 and 8.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Arizona [Mr. HAYDEN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from West Virginia [Mr. NEELY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Arizona would vote "nay."

The Senator from West Virginia [Mr. NEELY] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from West Virginia would vote "nay," and the Senator from Virginia would vote "yea."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. LANGER], and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

If present and voting, the Senator from North Dakota [Mr. LANGER] would vote "yea."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Maine [Mr. PAYNE]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Maine would vote "nay."

The result was announced—yeas 33, nays 52, as follows:

YEAS—33

Anderson	Curtis	Hruska
Bible	Dworshak	Jenner
Butler	Eastland	Johnston, S. C.
Byrd	Ellender	Kerr
Case, S. Dak.	Frear	Long
Chavez	Gore	Magnuson

Malone
Mansfield
McClellan
Morse
Mundt

O'Mahoney
Russell
Schoeppel
Smith, Maine
Stennis

Talmadge
Thurmond
Watkins
Williams
Young

NAYS—52

Alken
Allott
Barrett
Beall
Bennett
Bricker
Bush
Capehart
Carlson
Carroll
Case, N. J.
Church
Clark
Cooper
Cotton
Dirksen
Douglas
Flanders

Fulbright
Green
Hennings
Hickenlooper
Hill
Holland
Humphrey
Ives
Jackson
Javits
Johnson, Tex.
Kefauver
Kennedy
Knowland
Kuchel
Lausche
Martin, Iowa
Martin, Pa.

McNamara
Morton
Murray
Neuberger
Pastore
Potter
Purtell
Revercomb
Saltonstall
Scott
Smathers
Smith, N. J.
Sparkman
Symington
Thye
Wiley

NOT VOTING—10

Bridges
Ervin
Goldwater
Hayden

Langer
Monroney
Neely
Payne

Robertson
Yarborough

So Mr. LONG's amendment, as modified, was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment of the Senator from Louisiana [Mr. LONG] was rejected.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I call up my amendments at the desk, labeled "6-13-57-B," and ask the clerk to state them.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. It is proposed on page 31, beginning after the period in line 12, to strike out through line 9 on page 32; and on page 32, beginning after the period in line 20, to strike out through line 2 on page 33.

Mr. MORSE. Mr. President, in a moment I shall yield to the Senator from Minnesota. Before I do so, I want to advise the Senate what my plans are so far as my amendments are concerned, because I think it is fair to notify the Senate in advance. Of the amendments I have sponsored and co-sponsored, there are two on which I should like to have yea and nay votes. The pending amendment is one of them.

Therefore, before Senators leave the floor to attend engagements they have, and pending this debate, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, before I turn to the amendments, I should like to discuss a couple of ancillary matters. I should like to have the attention of my junior colleague for a moment, and the attention of the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Rhode Island [Mr. GREEN] as to the second ancillary matter.

I wish to say, for the RECORD and for my good friend, the junior Senator from Oregon [Mr. NEUBERGER], that I want the RECORD to show that the closest personal relationship exists between the two

Senators from Oregon. I think it would be proper to describe our relationship as one of very deep, intimate friendship.

I am perfectly aware of the fact, as is the junior Senator from Oregon, that there are in our State political forces opposed to each one of us which would seek to give the impression, whenever we differ on an issue in the Senate of the United States, that the hour has arrived for the break between MORSE and NEUBERGER.

I wish to say, Mr. President, they are going to be just as disappointed over the disagreement that exists between the two Senators from Oregon in regard to this particular matter as they have been in the past, and I wish to assure them that in the future they will continue to be disappointed.

The junior Senator from Oregon and I have a very sincere difference of opinion over the terms of this bill. We particularly have a very sincere disagreement over an argument the junior Senator from Oregon made this morning, which I respectfully say is going to be misinterpreted and twisted by our respective and mutual political enemies in our State. In part it already is being twisted into meaning that we have broken with each other personally.

Therefore, I intend to make the RECORD perfectly clear here and now as to my position on my colleague's argument. I want him to know, as I present my point of view on his argument, that I do so on the basis of the same professional differences that exists between us on this issue as it does on a very few others, although in most cases we stand shoulder to shoulder, of one mind, on legislation before the Senate.

Mr. NEUBERGER. Mr. President, will the Senator yield to me?

Mr. MORSE. I am glad to yield to my colleague.

Mr. NEUBERGER. Before the senior Senator from Oregon commences his presentation, with which it is possible I might disagree, I should like to corroborate his statement that between us there is the friendliest of personal relationships, in spite of any particular differences we might have on the policy involved in this bill.

I think I can best emphasize that by an illustration from my own career. I believe I had the unusual privilege or experience of serving several terms in the Oregon State Legislature when Mrs. Neuberger happened to be a member of that same body. There were occasions when Mrs. Neuberger and I voted differently on issues before the Oregon State Legislature, but I might say, in conclusion, that I am still married to Mrs. Neuberger.

Mr. MORSE. Which makes you very fortunate.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. NEUBERGER. Is there any doubt of that statement?

Mr. HUMPHREY. I merely wanted to say that the Senator is extremely lucky.

Mr. NEUBERGER. I thought maybe the Senator from Minnesota had different information.

Mr. MORSE. I wish to say to my friend, the Senator from Minnesota—and I hope this will not be considered in violation of rule XIX—that although I am exceedingly fond of my junior colleague, I think he got the better of the bargain in that marriage. [Laughter.]

Mr. President, this morning my junior colleague made an argument to the effect that those who oppose this mutual security bill seem more interested in saving American dollars than American blood. He referred in the course of his remarks to the bitter opponents of this measure, and unfortunately that phraseology has been picked up by representatives of the Oregon press, and I have been asked what I have to say about my colleague's reference to me as a bitter opponent of this measure. I have jokingly replied that I am satisfied my colleague does not consider me a bitter opponent of this bill. I have said further than neither did my colleague make personal reflection upon the senior Senator from Oregon by his comments this morning. But we do have a very honest difference of opinion as to the effect of the position taken by the opponents of this bill on the security of American boys overseas.

My colleague's argument left with some, at least, the impression that the opponents of this bill in its present form are strongly in favor of drafting young men for warfare overseas, but not for drafting dollars.

I think it ought to be clear, Mr. President, without having to say it, that there is not a Member of this body who would not place the value of American lives far above the value of American coins. Those of us who are opposed to this bill, Mr. President, are opposed to it because we think improvements in the bill would better protect American lives overseas.

Therefore I wish to stress, Mr. President, that my colleague and I are not in disagreement at all about the desirability of seeing to it that American lives overseas are protected. We are in disagreement, apparently, as to the best means and procedure to assure such protection. That is the main point, Mr. President. That is my difference of opinion with my junior colleague on this specific issue.

I wish to stress that those of us opposing this bill in its present form think that there would be better protection for our boys overseas if this bill were modified along the line of the amendments we are proposing. The danger in this bill, as we see it, Mr. President, is that unless essential congressional controls over foreign aid are maintained and extended, and unless some of the authorizations for appropriations are modified or reduced, we may very well find in the future that we have followed a course of action which in fact endangered American boys overseas.

If there is any doubt, Mr. President, about why we take this position, let us take a look at the record to date on this point. What has happened to aid in the past?

We shipped enormous quantities of military aid to Nationalist China, when that Government was still on the mainland—hundreds of millions of dollars

worth, or perhaps more. No one, apparently, will ever know how much. And we shipped hundreds of millions of dollars worth more of military aid to Korea. Then what followed? How much of that military aid, in the form of guns, tanks, and bullets which went to the Chinese, to the Koreans, and others—was used against our young men when they had to fight in Korea? How many hundreds or thousands of casualties did our own equipment in enemy hands cause among our own forces in Korea—among the young men about whom my colleague, the junior Senator from Oregon, is so rightly concerned? How many of them suffered because of past mistakes we made with respect to aid?

Yet my colleague, I am afraid, has left the impression that some of us, when we want to put this aid under what we think is a necessary, better control, are more interested in saving dollars than in saving lives.

Mr. President, we also sent to Formosa hundreds of millions of dollars' worth of military aid. What happened after that?

I suggested the other day that in some parts of the world Formosa is referred to as an American puppet state. We are not going to change that attitude by a verbal denial of it, Mr. President, because that view is held in many parts of the world. But this puppet got out of our hands the other day and broke some strings and put on its own show and that riotous show did not increase our prestige either in Formosa or in other parts of the world. That is not the only trouble we have had with Formosa, Mr. President.

After we had given hundreds of millions of dollars worth of military aid to Formosa, we had to send the 7th Fleet with thousands of Americans into the Formosa straits to keep those arms from falling into the hands of the Communists. That fleet is still there, Mr. President, and it is still hovering on the brink of war—an achievement which the Secretary of State regards as his diplomatic masterpiece.

Let us go from there to the Middle East, Mr. President. What happened there? The President and the Secretary of State came to Congress a few months ago and asked for dollars—dollars for military aid and dollars for political handouts in the Middle East. He got the dollars and a free hand to use them—over the protests of some Senators, including the senior Senator from Oregon. The President and the Secretary of State have doled out tens of millions of these dollars to one Middle Eastern state after another—to decent states and abominable states, to friendly states and unfriendly states, as well as to dictatorial states.

And then what happened? The President had to move the 6th Fleet—I underline "6th," Mr. President, lest it be confused with the 7th Fleet which, as I already have noted has thousands of Americans on the brink of war off Formosa—the President moved the 6th Fleet with more thousands of Americans

abroad closer to the brink of war in the Middle East.

Take a look at what is happening in South Asia, Mr. President, if you want to know why there are opponents of this bill. We have sent tens of millions of dollars of military aid to Pakistan and tens of millions more for defense support so that the Pakistanis can maintain the swollen military establishment that the military aid makes possible. What repercussion does this have across the border in India? The Indians got worried about the expansion of Pakistan's military forces so they divert their scarce resources to expanding their own military forces. Then the Communist threat grows in India because the Indians are spending so much on their military that they do not have enough to make progress in an economic sense as fast as they should. So we send economic aid to India to make up for diversions to their military establishments and thereby to halt the growth of communism in that country.

All this, Mr. President, and military aid to Yugoslavia and to Spain—all this, Mr. President, in the name of freedom, in the name of America's security and interests. All this, Mr. President, in the garb of Mr. Dulles' peculiar international morality.

I said it before and I say it again. There are opponents of this measure, not because of a greater interest in American dollars than American lives. There are opponents because foreign aid, in its present form, is a fantastic formula for futility. It is costing us our dollars, our prestige in many places, and unless we make the changes that must be made in this legislation, I fear it is going to cost us American lives.

Tonight from this desk in the Senate I wish to say to the people of the State of Oregon that the reason for my opposition to the bill in its present form is not that I care more for dollars and less for the lives of American boys, but because I care so much for the lives of American boys that I think the Senate should act after much greater scrutiny and pass a much sounder bill than this bill is in order better to protect American boys.

If we were to follow the course of action which those of us who have opposed the bill are recommending, we would not be sending so many American boys abroad. In my judgment we are sending too many.

I wish to say further that if we were to follow the course of action which some of us are recommending by way of amendments to the pending bill, we would have a sounder mutual security program, a program which would strengthen America abroad as well as at home, and which would therefore result, in my judgment, in greater defense of our country, and also in greater protection of the lives of American boys.

Likewise, we would strengthen freedom abroad, because the amendments which some of us propose would at least seek to taper off our giving so much encouragement to totalitarian states abroad.

I wish to say, as I said to my colleague earlier today, that for quite some time I have advocated a thorough overhauling of the American military program. As I said on the floor of the Senate yesterday—and I will not repeat it in detail today—we should recognize that we have entered the nuclear age. In recognizing it, we ought, therefore, to recognize the need for a complete overhauling of our military establishment. We are wasting manpower. In our military establishment, in many respects, we are following an obsolete program. We ought to take an example from Great Britain, which has recognized the nuclear age ahead of her, and is already overhauling her military establishment. She recognizes that the world has entered the nuclear age.

I repeat what I said yesterday. I am a little amazed at the rationalization of those who are trying to say that Great Britain is making her military savings at the expense of the taxpayers of the United States. My answer is, "Tell it to Great Britain."

I believe that so long as there is a Great Britain, her history will continue to be, as it has always been, one of defending herself. She does not propose to rely upon the United States, or any other nation, for her national security. She is willing to cooperate in a joint effort toward mutual security, such as that represented by the NATO organization, in the common defense of freedom; but she does not propose to substitute America's defense for Great Britain's defense, so far as her own security is concerned.

I make these remarks because I think they are due not only to myself and to my colleague, but also to the people of the State of Oregon who might be confused by those partisan critics who would read into our difference of opinion over this particular issue a personal split between us.

My comments to my friend from Arkansas [Mr. FULBRIGHT] and to the chairman of my committee [Mr. GREEN] will be exceedingly brief.

In reply to the chairman of the committee and the Senator from Arkansas, who have expressed some little resentment over certain comments I made as to the basis, in part, of the vote in the committee recommending this bill to the Senate, let me say that I am sorry that they resent my comments. However, I made it perfectly clear in committee that I did not think a bill should be reported by the committee with a single vote based upon the idea that there ought to be authorized a figure higher than the members of the committee thought the figure should be. We ought to send to the floor of the Senate the exact figure which we think ought to be in the bill. If we do not do so, in my judgment we destroy the committee procedure of the Senate, because if Senators cannot be sure when a bill comes before them for consideration, that the figures in the bill represent the true views of the committee, our committee reports will become worthless. If committees are going to put figures in a bill for

bargaining purposes, the result is deception and confusion. I do not believe that a committee submitting a report to the Senate has any right to place in it a figure for bargaining purposes. I cannot square such a practice with honest committee reporting.

I have before me the transcript of the views of my friend from Arkansas, to the effect that legislative processes in the Senate would break down if Senators followed what he referred to as the purity of motives of the Senator from Oregon.

In my opinion, my motives are no different than the motives of the Senator from Arkansas. I dislike to think that the procedures of the Senate would break down if committees were to submit to the Senate reports based upon what each member of the committee, when he comes to vote in the committee, believes is a report containing recommendations for expenditures which should be made. We should be motivated in committee by the motive of reporting to the Senate the true figures in an authorization bill that we think the Senate should approve. Nothing more or less.

If that is an unreasonable purity of motives, I shall always be perfectly willing to plead guilty. But I say to my friend from Arkansas that I am satisfied the American people expect exactly that kind of action from Senate committees.

I turn now to the amendment, on which I shall be exceedingly brief. I discussed it at some length yesterday. The amendment limits the development fund to the authorization of \$500 million for the next fiscal year.

It strikes out the authorization given the fund to borrow \$750 million from the Treasury in fiscal 1959 and \$750 million more in fiscal 1960.

This is in line with the recommendation of the Special Committee To Study Foreign Aid that the development fund is now to be a permanent fund for repayable lending operations, and therefore should be set up in separate legislation:

The committee does not believe that such a fund can be established on a businesslike basis unless it is treated apart from the other types of aid. The one possible exception is technical assistance, whose purposes while presently distinct, in the long run dovetail with those of economic development.

Further, the committee believes that this fund is too important to be set up in haste. Interim measures may be necessary, but the fund should not be established in permanent form until its implications have been fully examined by the executive branch and the appropriate committees of Congress (p. 30 of special committee report).

The report then lists seven criteria for the fund, which, in my judgment, are only vaguely met in S. 2130, in section 202.

Also, S. 2130 calls for operation of the fund as a special unit within the International Cooperation Administration under an Administrator who will be appointed by the President and confirmed by the Senate. If he got the full \$2 billion to manage, by 1960 he would

be handling more than is proposed for school construction over the same period, for example. One would think Congress would be as painstaking in setting up a foreign loan program as it has been over school construction.

Mr. President, in order to save time, I ask unanimous consent to have printed in the *RECORD* at this point in my remarks certain excerpts from the report of the special task force groups—I think that is a proper phrase to use to describe them—which the Committee on Foreign Relations asked to assist in preparing the report in regard to the mutual security program.

I hold in my hand the hearings on the bill. There are available to all Senators the individual reports on the individual subjects involved in the mutual security program from the so-called task force committees. However, on page 725 of the hearings before the Committee on Foreign Relations there are some quotations from these studies and from the Report of the Special Senate Committee To Study the Foreign Aid Program which raise questions concerning military aid.

One of the task force committees made some comments in regard to the military assistance as aiding totalitarianism. I ask unanimous consent that the statement on that subject found on pages 725 and 726, be printed in the *RECORD* at this point in my remarks.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

MILITARY ASSISTANCE AS AIDING
TOTALITARIANISM

It is nevertheless important to be fully cognizant of the limitations on the effectiveness of military aid in situations where the recipient is an authoritarian regime, a caudillo-type one-man government, or a military dictatorship. It matters not that we have no intention for the grant of aid to constitute a seal of approval on the government in power. What does matter is the interpretation put on our action by the people of the recipient country, and by the community of democratic nations, especially those that are near neighbors of the dictatorial regime. Especially as regards their own publics, dictatorships often show real imagination in exploiting American assistance as evidence of full United States approbation.

The implications of military aid in this situation are a great deal more serious than would be the implications of economic or technical aid. The act of "standing up and being counted" which military aid requires, and which makes neutral countries refuse that aid, works in reverse for the local strong man. From military aid, he and his government get an identification with the United States; the dictator can take countless opportunities to impress his people with the fact of American backing. But apart from the propaganda value the regime is able to extract from military assistance, the people are reminded, whenever they see American equipment, of the internal impact of United States assistance. For the planners in Washington, the half dozen light tanks or propeller-driven fighter planes, the obsolete field pieces and well-used Army 6-by-6's, supplied by the United States, may have some slight meaning in overall defense strategies; or they may have been used in bargaining tools in negotiations over base rights. To the people in certain recipient countries, they are instruments that en-

trench the ruler in power and make his removal that much more difficult. (The Military Assistance Program of the United States, Institute of War and Peace Studies of Columbia University, p. 72.)

Mr. MORSE. In essence, what the task force committee said was that we need to study the military-aid program from the standpoint of what we are doing to strengthen, not freedom, but totalitarianism, in the world, and the extent to which our military aid is weakening the cause of freedom and strengthening the cause of totalitarianism. No Member of the Senate is more opposed to the dangers of international communism than is the senior Senator from Oregon. However, I wish to say that we ought also to be equally concerned about the dangers of international fascism. When we see military and economic aid going to many totalitarian governments of a Fascist nature—and in some instances of a Communist nature too—I believe we ought to take the advice of our special committee to carefully analyze the effects of the mutual-security program, and this year go as far as my amendment proposes to go in regard to the development loan matter, and proceed during the year to study the subject before we bring forth, the permanent legislation the special committee recommends.

The next subject in this summary is military assistance as a factor in slowing down economic development. Our task force committee has some very interesting things to say in its report as to the weaknesses of some of the aspects of our military-assistance program in slowing down economic development in the very countries to which we are sending the military aid.

I ask unanimous consent to include these quotations from the report in the *RECORD* at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the *RECORD*, as follows:

MILITARY ASSISTANCE AS SLOWING DOWN
ECONOMIC DEVELOPMENT

Finally, it has been noted in this inquiry that the creation of military establishments through military and beyond the capacity of less developed countries to maintain out of their own resources stimulates demands on this country for additional nonmilitary aid for their economies and in some cases retards their economic development. (Final report, p. 12.)

One wonders also whether it is not possible that existing military aid objectives in Turkey may partially run counter to existing nonmilitary aid objectives: Whether Turkey can fulfill present military objectives and at the same time achieve a stable and expanding economy. One could envisage a situation, I do not say that it exists now, where Turkey's military effort plus United States military aid might be working against the United States purely economic objectives in Turkey. (Greece, Turkey, and Iran—Norman Armour, p. 7.)

If Greece were not spending \$130 million annually on military expenses, it would probably allocate part of that figure to economic development—to industrial expansion, water development, reclamation, and agricultural production. The United States mission felt, I think, that Greece's military expenses were not a seriously negative factor in Greece's economy, so long as United States assistance is available. But I am inclined to feel that

this particular question needs further study. For in the end, United States military aid objectives for Greece and NATO force goals and requirements will not be realized or will be self-defeating if, at the same time, the Greek economy is weakened or its development deterred as a result. One wonders to what extent these economic factors are sufficiently considered at the time that force goals and military requirements are established by NATO. (Greece, Turkey, and Iran, Norman Armour, p. 21.)

Moreover, in the treaty areas (notably, Korea, Vietnam, Taiwan, and Pakistan) the conditions under which this [military support] aid was granted—linked as it was to the maintenance of military forces much larger than could be supported by the economies of these countries—diverted energy, administrative talent, and resources away from the tasks of long-term economic development * * *.

On the other hand, it is equally clear that the attempt of an underdeveloped country to maintain an excessively large military establishment can be a serious handicap to economic development. Under such conditions limited resources are diverted from investment and the inflationary pressures which result cannot be checked by increased production. Any large defense budget is bound in some degree to conflict with the goals of a development program by diverting resources to military purposes which could otherwise be used for developmental investment. (The Objectives of United States Economic Assistance Programs—Center for International Studies, MIT, pp. 13, 29.)

The impact of military buildup on the economic life of a country has been a recurrent theme through these pages. In order to avoid certain undesirable or damaging consequences of the military program, it often proves necessary to complement military aid with other carefully coordinated American assistance programs. Thus we can accomplish less within an overall foreign aid figure set by the Congress than would be the case if some part of those funds were not required "to cover the damages," as it were, occasioned by the military program. (The Military Assistance Program of the United States—Institute of War and Peace Studies of Columbia University, p. 69.)

Mr. MORSE. It illustrates what I said all through this debate, that we ought to take a good long look on what is happening by way of results to our mutual security program, rather than to take the bill with what I consider to be many of its extravagant provisions and adopt it without any kind of modifications that even our special committee respectfully suggested, that we ought to take into account.

Mr. President, next, one of our task force committees gave us findings on the subject of the possibility of military aid being diverted to uses other than those contemplated. They bear out what I have said in some of my speeches on the floor of the Senate, that our military aid has been diverted in many instances to purposes not contemplated by Congress.

That is why I think we ought to modify the bill this year, as some of us have been seeking to do, in order to avoid this kind of weakness which expert task forces and our own special committee have warned us about.

I ask unanimous consent that that material be inserted in the *RECORD* at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

POSSIBILITY OF DIVERTING MILITARY AID TO USES OTHER THAN CONTEMPLATED

"It has also been brought to the committee's attention that military aid intended for defense against Communist aggression may act inadvertently to stimulate rivalries among non-Communist countries, including those which are recipients of aid. The net result may be the development of competitive demands for military aid, with consequent unnecessary increases in the cost of the program" (final report, p. 12).

"It is disconcerting to an American, who considers all-important the Communist menace, find officers of a non-Communist country also thinking in terms of possible military operations against a neighboring people of the same faith. More than one of these nations is using United States funds to build and equip armed forces, some of whose officers and men seem to think of their mission only in terms of ancient hostilities and rivalries. Communism and Communist aggression obviously do not constitute the primary menace, nor provide alone a sufficient challenge to motivate current military training programs" (Southeast Asia—Clement Johnston, pp. 9-10).

"Indian statesmen express an aversion to armaments and military alliances as more likely to lead to war than to peace. They claim that their own defense budget, a drain on scarce resources, has to remain high because of the American military aid to Pakistan" (South Asia—Lewis Webster Jones, p. 18).

Mr. MORSE. Then, Mr. President, we had a very interesting report from one of our task committees dealing with the subject of adverse psychological impact of military aid. One need only to read the committee report on this matter to know that here again those of us who have been urging modifications in the mutual security program have been thinking about the interest of our country and have been thinking about the interest of the boys whom we are going to put into the military service to carry out by military operations, if necessary, this program. In calling for modifications in the mutual security program, one must expect to be charged with being an isolationist, and I wish to say again, as I said yesterday, that I am asking for these modifications in the mutual security program not as an isolationist, but as an internationalist who yields to no man in his recognition of the importance of free nations standing together in mutual security against the threat of international communism, against the possible threat of international fascism.

I ask unanimous consent to have that excerpt printed in the RECORD at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

ADVERSE PSYCHOLOGICAL IMPACT OF MILITARY AID

"Most Western European nations have long military traditions and have largely succeeded in harmonizing a large military establishment with the institutions of parliamentary government, individual freedom, and civilian supremacy. . . . But over the long run, the outcome is unpredictable with respect to the underdeveloped countries of the Near East, south Asia, and the Far East. Many of these nations are newly independent

and without experience in keeping large armed forces from playing a decisive role in their internal politics.

"The intention here is not to imply that the countries of Asia will, necessarily or for any inherent reason, prove less capable than the advanced nations of the West of maintaining military forces in being for long periods. The point is to suggest that the situation is full of imponderables. If the size of the forces is so large as to bear little relation to the country's potential, are the economic, political, and psychological centers of gravity likely to shift from the civilian into the military sector of national life? What are the implications for future internal peace and stability of teaching larger numbers of citizens to handle small weapons and perhaps accustoming them to eating, dressing, and being paid better than they would be if there had been no military aid or if it were to stop?" (The Military Assistance Program of the United States—Institute of War and Peace Studies of Columbia University, pp. 56-57.)

"The number of American jeeps, American uniforms, American faces, which one encounters on the principal streets of the principal cities seems disproportionately large to a native population that has an innate mistrust or resentment of anything alien or non-national.

"No 'Americans Go Home' signs have yet appeared and they may not appear as the people are both well mannered and grateful, but a marked reduction in the numbers and ubiquity of American personnel and in over-meticulous American supervision of local operations seems clearly desirable" (Southeast Asia—Clement Johnston, pp. 11-12).

"The underdeveloped countries face a further problem with respect to their citizens who have received military training, served their tours, and are then released. The critical factor is their successful reabsorption into the civilian economy, for the alternative is potentially threatening to political stability and internal security. During their army tours these men receive a sort of dual conditioning: on the one hand, to appreciate a standard of living frequently higher than they enjoyed before (however low the standards in the local armed forces might appear by our criteria); and, on the other, to handle small arms with facility. Turning on the country substantial numbers of men conditioned in this way may provide numerous potential recruits for armed guerrilla and bandit gangs" (The Military Assistance Program of the United States—Institute of War and Peace Studies of Columbia University, p. 70).

Mr. MORSE. Then we have another report from a task committee on the subject of military aid as a benefit to the ruling class against the people.

One of the great weaknesses of some of the aspects of the mutual security program has been that too much of it has been used in too many countries to strengthen the domination and control of the ruling class over the masses of the people in the country, and thereby keeping down the freedom of those people.

I ask unanimous consent that there be included in the RECORD at this point the excerpt from the task force report on that subject.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

MILITARY AID AS BENEFITTING THE RULING CLASS AGAINST THE PEOPLE

"United States aid is termed by another respondent as constituting 'a type of intervention in favor of the political party in power and against the "outs".' Inevitably, such intervention would worsen relations."

"* * * In Thailand arms aid is felt to enhance the power of politicians" (views of private American citizens abroad on the foreign-aid program, pp. 5, 10).

"There is one situation requiring prompt action and immediate correction. Conditions which existed at the time have justified the United States decision to support the currencies of Vietnam, Laos, and Cambodia at the arbitrary rate of 35 piasters or other local currency to the dollar. Today that figure is utterly unrealistic, as becomes apparent when we examine the need for monetary reform in Vietnam. The added and unnecessary cost to the United States taxpayer is approximately \$20 million a month. This money is not going into public treasuries; it is going into private pockets. Of even more importance, the faith of the newly freed people of the area in the integrity of democratic government is being shaken by the spectacle of the undeserved enrichment of a favored group" (Southeast Asia, Clement Johnston, p. 10).

Mr. MORSE. Lastly, I ask unanimous consent to have printed in the RECORD a task force report on general questions concerning military aid.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection?

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

GENERAL QUESTIONS CONCERNING MILITARY AID

The success of the United States aid program from this point on would seem to depend not so much upon the number of divisions trained and equipped and ready for the field, nor upon the number and diversity of economic aid programs, nor upon the impressive totals of United States dollars expended. It must rest upon the enduring conviction of the people themselves that United States aid was and is offered to help them do the things best calculated to improve their lot and make their people healthier and happier. To succeed, it also must be followed by a permanent, self-sustaining, stable economy. (Southeast Asia, Clement Johnston, p. 4.)

The committee urged the President to continue to examine the budgetary estimates for military aid for fiscal year 1958 with a view to additional reductions. In this connection the committee calls attention to three specific questions: (1) The suitability of the level of military aid and the types of arms being provided to less developed countries; (2) the possibility that competition for arms aid among recipients is adding unduly to the cost of the program; (3) the possibility that, in planning foreign air programs, insufficient consideration is given to the impact of arms aid as a factor in generating increased needs for supporting aid. (Final report, p. 26.)

Mr. MORSE. These excerpts deal primarily with military aid, but they point up the interrelationship of military aid upon economic development. They support, I think, my contention that we should modify the development loan fund to the extent of taking the time, as my amendment proposes, for a study this year before we adopt further authorization for the development fund.

The last point I make is an answer to the argument of the State Department. The major argument of the State Department is that my amendment would prevent long-time planning. I said yesterday, and I repeat this evening, that that is pure nonsense. There is not anything in my amendment which prevents long-time planning, just as there has been nothing up to now that would have prevented long-time plan-

ning on the part of the State Department. The State Department ought to come forward with long-time blueprints. I think we have the right to ask them to prepare long-time blueprints.

But, Mr. President, long-time planning does not mean that we have to give them *carte blanche* authorization now to carry over until after the 1958 election, at which time the American people, at the polls, should have the opportunity to register their opinion of this foreign policy issue as well as other issues.

We ought to say to the State Department, "Give us your longtime plan, and we will proceed to help you implement it. But we will help you proceed to implement it on the basis of annual authorizations, because we believe that if we are properly to represent the American people, we ought to authorize funds for projects year by year in keeping with the longtime blueprint."

I am at a loss to understand the argument of the State Department. They say that unless they can have funds authorized and pledged in advance, so that they can negotiate agreements with foreign countries, they will have difficulty in getting foreign countries to enter into agreements with them. I guess the foreign countries do not want the help very much, if that is true. The State Department will not have any difficulty, in my judgment, in getting understandings and agreements on the basis of the blueprint plan if the State Department will prepare one.

What the State Department really wants, in my judgment, is to have these funds authorized. Then they will commit the funds by way of understandings, so that if subsequently Congress should change its mind in regard to the feasibility and advisability of the plan, the State Department can come forward, as I said last night, with the argument, "Ah, but we are in honor bound. We have given our Nation's word."

I repeat, as I close, the argument which is made that we can repeal the course of action we take under this bill; that we can subsequently change our mind; that we can take action which would deauthorize the funds, in effect. That argument would not result in a corporal's guard in the Senate voting for such deauthorization after we got through listening to the argument, "But we have given our word to the representatives of the foreign governments that this was going to be a program of the United States, and we have pledged the money on that basis."

Mr. President, we have time. We have plenty of time. Let us follow what I think was the clear import of the special committee, which happened to be composed of the members of the Committee on Foreign Relations, the chairman of the Committee on Armed Services, and the chairman of the Committee on Appropriations, when they submitted to us the special report containing the language I cited earlier in my speech, recommending that we ought to take under advisement the matter of the long-time program, study it, and properly prepare permanent legislation in respect to it, if that is what our study should

suggest. But this year we ought to do our authorizing on an annual basis.

Therefore, in effect, I have cut out 1959 and 1960, not with any intention at all that we will not carry forward with a long-time plan for 1959 and 1960, but simply that we will not authorize any funds for those years as of now.

Mr. President, I ask unanimous consent that I may have printed at this point in the *RECORD* a statement prepared, I understand, by the State Department, in opposition to my amendment, a statement which I believe I have answered in my presentation of my amendment.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

We are informed that Senator MORSE will introduce an amendment which would deprive the proposed Development Loan Fund of authority to borrow \$750 million in each of the fiscal years 1959 and 1960.

1. We believe that this amendment would effectively destroy the concept of the proposed development fund. The major change represented by the fund is the assurance that specific future resources will be available for development financing after fiscal year 1958. This assurance is the essential characteristic of any financial institution, particularly one devoted to assisting a long-term process like economic development. If this change is not made, the fund will not be a fund at all; it will be only a new name for continuing existing practice.

2. If we are thus forced back into dependence on annual appropriations for development financing, all the major deficiencies in the present system will be perpetuated. These deficiencies have been emphasized in virtually all the studies of development aid made for the Congress, the executive branch, and by competent public groups:

(a) The United States cannot plan ahead with the receiving countries for the resources which we and they provide for development purposes. These countries are not encouraged to prepare or to embark on needed long-term programs for which our continuing help is required. And yet short-term uses of their and our resources are wasteful.

(b) It is difficult for the United States to work with private investors and existing public lending institutions in ways which might increase their activity. Here again effective results depend to a crucial extent on our being able to provide convincing assurance that we will stay the course.

3. Only if the fund is assured of future resources can it employ businesslike procedures which will stimulate the receiving countries and other financing sources to greater activity. Without this assurance, they will be as reluctant to work with the fund on a long-term basis as private individuals would be to work with a commercial bank if they did not know whether from one year to another it would be in business. And yet our development financing is too limited in amount to achieve its purpose unless it has a marked catalytic effect in mobilizing these other resources.

4. Convincing assurance of future resources can only be secured by legislative action which sets specific sums aside for use in future years. If the fund were provided with only \$500 million, this would suffice for only fiscal year 1958, and the fund would have to seek new annual appropriations thereafter. A general declaration in the law, or even an advance authorization for these appropriations would provide no reasonable assurance that they would be forthcoming.

5. The proposed method of capitalization would not impair congressional control of the fund's resources—particularly in the

initial testing period. Should the Congress decide to end the fund's existence before fiscal year 1959 or 1960, it could do so—without the fund's having obligated any of the money which it would have borrowed from the Treasury in those years. For the fund would not be allowed to obligate this money until fiscal year 1959 and fiscal year 1960, respectively. If its existence came to an end before then, the money would be intact. This limitation, which was not placed on the annual drawing power of the Export-Import Bank, would insure that the Congress retained the power to make any changes in the scale of the fund's activity shown to be needed by unfolding experience.

Mr. JOHNSON of Texas. Mr. President, would the Senator from Oregon desire to yield back the remainder of his time, if we yielded back the remainder of our time?

Mr. MORSE. Yes; although I think my colleague desires some time.

Mr. JOHNSON of Texas. Does the junior Senator from Oregon desire 10 minutes in opposition to the amendment?

Mr. NEUBERGER. Yes; I am opposed to the amendment.

Mr. JOHNSON of Texas. I yield 10 minutes to the junior Senator from Oregon.

But first, Mr. President, I should like to yield 1 minute to the distinguished junior Senator from New Jersey.

Mr. CASE of New Jersey. Mr. President, yesterday the distinguished junior Senator from Georgia [Mr. TALMADGE] discussed our program of economic aid. He cited several examples which he said had occurred under this program.

I have asked the International Cooperation Administration to comment on several of these. I do not believe the *RECORD* would be complete without clarification of these examples.

I should like also to call attention to the statement in the Senate Foreign Relations Committee report that, so far as military assistance is concerned, "complete, detailed figures are available in the Foreign Relations Committee room to any Senator and will be available in the Senate Chamber during consideration of this bill for confidential examination by any Senator."

I therefore ask unanimous consent to have printed at this point in the *RECORD* the statements consisting of quotations from the statement made yesterday by the junior Senator from Georgia and the comments on those statements by the ICA.

There being no objection, the statements were ordered to be printed in the *RECORD*, as follows:

Statement: "While many of our farmers can't get their crops to market over muddy roads, we build a huge 6-lane turnpike in Portugal to a gambling resort."

Comment: No United States aid funds, dollars or counterpart, have been used for highway construction anywhere in Portugal. The highway referred to was built by the Portuguese Government and opened to traffic some 6 months before counterpart funds were released.

Statement: "While unfair foreign competition is closing the doors of numerous American industries, we continue to send our technicians and machines to foreign lands to provide the know-how to produce goods

that will destroy markets for our own due to the vast differential between slave wages and free wages."

Comment: The more developed the country the better customer it is.

United States exports in 1955 per inhabitant of the country

Developed countries:	
Canada.....	\$205.27
Netherlands.....	44.47
United Kingdom.....	17.99
Germany.....	11.90
Japan.....	7.16
Underdeveloped countries:	
Egypt.....	3.40
Iran.....	2.55
Indonesia.....	.91
Pakistan.....	.70
India.....	.49

Statement: "Why, we have even built public rest rooms in the Philippines and bathing facilities for Egyptian camel drivers. We have sent collapsible toothpaste tubes to Cambodia, dress suits to Grecian undertakers and iceboxes to Eskimos."

Comment: With regard to the "dress suits for Grecian undertakers, public baths for Egyptian camel-drivers and even iceboxes for Eskimos" charge, this has no basis of fact whatsoever.

Statement: "We have set up a pension program for overaged Nationalist Chinese soldiers."

Comment: Over the last 2 years through the mutual security program the United States has found it in its interest to contribute to the rehabilitation of retired Nationalist Chinese soldiers. This program has met a specific military and political objective in Taiwan and been considered a successful solution to the matter which has been of some concern to Formosan and United States representatives there for some time.

Statement: "Was a plant built for processing silica and then allowed to stand idle when the anticipated silica deposits did not materialize?"

Comment:

1. Probable project referred to: Treatment plant at Suso for concentration and furnishing mica and quartz products from a mine nearby in Ilan Prefecture.

2. United States aid furnished: \$37,000 in United States dollars for machinery and equipment. Loan of local currency of equivalent to approximately \$40,000 at current exchange rate for rehabilitation of mine and processing plant.

3. Project development: Studies undertaken prior to the obligation of United States aid funds indicated that there were sufficient deposits of mica to justify undertaking this project. Construction of plant was completed in July 1954. Extensive exploration subsequently failed to locate sufficient quantities of mica for a commercial mining operation. By this time about half the equipment had been installed. The other half has been stored pending allocation to other needs, and for this the Chinese Government has been requested to refund \$18,323.03 to the United States Government. The half that was installed is being usefully utilized in pulverizing talc and limestone.

Statement: "We have built iron and steel plants costing nearly a billion dollars in 24 countries."

Comment: In the first period of the Economic Cooperation Administration's program in Europe the United States contributed substantially to the reconstruction of the iron and steel plants of almost a dozen European countries. This steel capacity obviously required rebuilding if Europe was to get on its own feet, which, of course, it has done very successfully. In other parts of the world through the mutual security program there has been no assistance provided for the building of iron and steel plants. As a

matter of fact very few of the less developed countries are in a position to finance and sustain a large industrial plant of this kind. There have been isolated instances of equipment provided under the aid program for scrap collecting plants but no iron or steel plants themselves.

Statement: "We spent \$2 million to provide water and public bath facilities for 200 Lebanese villages."

Comment: The village water supply program in Lebanon is part of that country's own development program. It is a by-product of the Litani River Basin development project, the first phase of which is being financed by an IBRD loan of \$27 million.

The village water supply improvement program is an undertaking of the Lebanese Government now in power, a Government which is strongly prowestern and which is now being voted on by the Lebanese people, and is a program designed to do something to improve the standards of living conditions for the Lebanese people. Its purpose is to improve living conditions in the villages so Lebanese will be encouraged to stay in their villages rather than move to Beirut and Tripoli and thus bring about slum conditions in these urban centers.

The United States has contributed about \$2 million of materials, supplies, and equipment for water-supply improvements in about 175 villages. The Lebanese Government itself has spent more than \$7 million.

The primary purpose of the project is to provide the villages with safe drinking water supplies.

If there are any public baths connected with the projects it is simply because that where you have running water, a bath or water closet is a natural result.

Statement: "We have built an Italian village that nobody wanted to live in."

Comment: Presumably the reference is to the new village of La Martella, built in the province not far from the old city of Matera, in Southern Italy, which was comprised of notorious cave dwellings. A number of the peasants of Matera lived in caves under wretched conditions. The caves were not owned by them, but rented. The rehousing project in the new village was only part of a rehabilitation project of land reclamation and resettlement in order to improve the economic opportunities of the inhabitants. The projects were carried out with Italian-owned local currency counterpart funds (Italian lire paid by Italians to purchase Marshall plan-provided commodities).

Actually, the resources available were not sufficient to eliminate cave dwelling entirely, but the worst of them were evacuated by resettlement. The new village of La Martella provided housing for peasants close to the land they worked.

Some of the people had to continue to live in caves because the new village could not accommodate all of them. The new village is definitely inhabited.

Statement: "We are giving free air trips for Arabs who wish to visit Mecca."

Comment: In June 1956, at the request of the Government of Afghanistan, the United States did supply an airplane to help transport Moslems (nor Arabs) from that country to the "great feat" of the Mohammedan world at Mecca. But the pilgrims paid their own way, round trip. They paid their fares in Afghan currency, which was used to further the joint Afghan-United States economic development program in this strategic country.

Statement: "We have built a road in Iran that leads to nowhere."

Comment: The road to which the Senator presumably refers is the access road leading to the Karaj Dam construction project in Iran. This road is an arterial highway running from Teheran to the vital Caspian area. It was necessary to relocate this road from a position which will eventually be

covered by the Karaj Dam reservoir. The road also serves as an access road to the construction site during the building of the dam. The Iranian Government is proceeding with the construction of the Karaj Dam; the road therefore not only leads somewhere but is an essential link in the Iranian network since it is the only direct road linking the capital to the Caspian seacoast.

Statement: "We spent \$501,097 United States dollars for a wage and position classification study for the Philippine Government, while we only spent \$204,076.29 for a special Senate committee study of the effectiveness of the entire \$62 billion postwar foreign aid program."

Comment: Over a 5-year period a contract with a leading United States management organization has been under operation, dedicated to the establishment of study of Philippine Government organization. This has included study and advice regarding wage and position classification but in reality has been a much broader undertaking since it provided technical help to the reorganization commission of the Philippine Government. This commission has been very similar to the Hoover Commission in the United States studying the full civil-service system in the country and the structure of government. From this study there has followed the establishment of a civil service and from it have flowed some 33 reorganization bills, over two-thirds of which have been passed by the Philippine Congress. In addition, a security and intelligence organization has been established, a civil aeronautics authority, and a department of commerce.

The studies financed with this contract and the resulting improvements in the organization and management of the Philippine Government have constituted a necessary first step in strengthening the Philippine capacity to manage its own resources, meet its security objectives, and make a maximum contribution to the same objectives in which the United States has a major interest.

Regarding the amount of money which the Senate special committee devoted to a study of the entire foreign aid program, this was of course a matter entirely up to the Senate, which elected to devote \$300,000 to a short-term study.

Statement: "They have been used to pay off national debts of foreign countries like Norway and Denmark, while our own debt has mounted high and higher."

Comment: Dollars were not used to retire national debts of these countries. A total of some 1.9 billion kroner in Norwegian-owned counterpart funds (equivalent to \$292.7 million) was released for this purpose during the Marshall plan.

Similarly, a total of some 899 million Danish kroner (equivalent to \$130.1 million) was released for debt retirement in Denmark.

The local currency funds were generated in Europe by the Marshall plan, which provided the respective nations with various commodities needed for reconstruction of their war-torn economies. In Norway and Denmark, such commodities as petroleum products, grains, industrial machinery and iron- and steel-mill materials predominated. Recipients of these commodities paid for them in the local currency equivalent of their delivered cost.

The local currency paid by the Norwegians and Danes for these commodities was placed in the counterpart fund of each country, as provided in the original legislation creating the Marshall plan. These special local currency accounts, the ECA Act of 1948 provided, were "held or used within such country for such purposes as may be agreed to between such country and the administration in consultation with the National Advisory Council on International Monetary and Financial Problems * * * for a variety

of purposes consistent with the objectives of the act."

Among these purposes for which local currency counterpart funds were used were various measures to promote monetary and financial stabilization, and among those measures was the release of some of the locally owned counterpart for debt retirement.

In 1954, some years after the releases of counterpart for debt retirement in these two countries, Congress provided in the Mutual Security Act that counterpart could not henceforth be used for debt retirement.

Statement: "They have been used to stabilize foreign currencies while inflation feeds like a brush fire at home."

Comment: A natural consequence of war and a period of reconstruction is a serious condition of economic instability, usually accompanied by some degree of inflation. This condition also tends to take place in the initial stages of a country's independence and growth as rates of investment beyond capacity of the country lead to scarcity of foreign exchange and domestic goods as well. The foreign-assistance programs since the end of World War II have been devoted, sometimes in the context of maintaining a defense contribution and sometimes to simply prevent economy of a country from going under, to efforts to stabilize the economies of many countries whose future is of interest to the United States. In the process of providing import items and contributing capital for development frequently the monetary system of a country is stabilized along with other elements of the economy. Relative to some of the inflationary instances in foreign countries, the United States has of course had a period of price stability.

Statement: "They have been used to add millions of acres to foreign farm-crop production, while acreage allotments for our own farmers have been reduced here at home."

Comment: While millions of acres is somewhat of an exaggeration, it is true that the assistance programs have been used to increase foreign farm-crop production. All but a very few countries of the world are basically agricultural and, if population increases, there is an increased burden on already inadequate food supplies resulting in privation, political, and economic instability and opportunities for Soviet exploitation. Basic to the technical assistance program and much of what we have done with economic and defense support aid in the less developed countries has been and must continue to be effort to increase crop production for domestic consumption purposes. The improving of strains of seedcorn, technique of fertilizer production, the supplying of agricultural machinery where it can appropriately contribute to a country's needs are part of a pattern of assisting countries in their own efforts to solve domestic food problems. If it is in the interest of the United States to support or to help support a country's economy for either military or long-term development purposes, it is therefore essential to help support the agricultural sector of the economies.

Statement: "A million dollars of our tax money is being used in Paraguay for the benefit of a single religious sect while such a practice would be frowned on as unconstitutional and contrary to public policy in our own country."

Comment: Under terms of the Mutual Security Act of 1956 and particularly the "Smathers amendment," the Government of the United States is prepared to make loans to foreign governments, the purpose of which is to permit those governments in turn to develop more fully the productive capacities and natural resources of their countries.

Agreement was reached late in April 1957, for a \$1 million loan to Paraguay, whereby the Government of Paraguay will in turn make loans to the Mennonite Colonies in

Paraguay for development purposes. The Government of Paraguay agrees to repay the loan to the United States within 20 years.

The situation is essentially this: The Mennonite Colonies are made up of energetic and ingenious people. They have developed some small industries of their own and are good farmers. With capital, they can set up such industries as manufacture of glass jars, processing of fruits, vegetables and other products, slaughterhouses, shoe manufacture, and so on. With bulldozers and other equipment, they can clear land and increase agricultural acreage. All these things will contribute to economic development in Paraguay.

Paraguay is a predominantly Roman Catholic country but relations of the Government with the Mennonite Colonies are friendly and cooperative. Recently when a refrigerator in a Mennonite hospital burned, the president of Paraguay gave the hospital a new one and the gift was inscribed as a gift from the president.

The Mennonites were the first agricultural settlers to attempt, on a relatively large scale, the utilization of the central part of the Paraguayan Chaco. The Paraguayan Government gave them a very liberal charter with guarantees of noninterference and various economic concessions.

The basic economic problems of the area are poor transportation and inadequate markets for most products that are grown. Mennonite colonists, generally speaking, are farming the best land yet found or cleared in the Chaco, from the standpoint of soil fertility, slope, drainage, and general suitability for farming.

Highway transportation in Paraguay contributes only 1 percent to the gross national product and there is not a single completed transcountry road. Until recently there were only 50 miles of hard-surface highway in the country. Under these circumstances, the Government of Paraguay has given highway construction high priority and the Trans-Chaco road project has brought together the Government of Paraguay, the Mennonites, the Chaco ranchers. In 1955, ICA entered into a contract with the Mennonite Central Committee to supply operators of heavy machinery and to help train Paraguayans in roadbuilding and highway maintenance.

Statement: "Vast hydroelectric dams and irrigation and river development projects are being carried on all over the world, while floods continuing to ravage our land and while our own industries cry for more power."

Comment: As in the case of contributing to agricultural production, where river development projects have been financed with United States funds, this is done because there is an economic problem, the solution of which is important to the security interests of the United States. As a matter of fact, there have been relatively few instances of significant financing of large hydroelectric dams, although individual equipment items have been provided in a number of cases.

Where there is a need for further agricultural land, the United States, through technical cooperation and other programs, is making some contribution to irrigation projects.

Like many joint-purpose projects, there is sometimes a flood-control benefit resulting from the undertaking of a construction project. Although the loss of life frequently runs into thousands in some countries where floods are serious and the United States might be justified from a humanitarian point of view in helping to curb these floods, direct assistance has not been directed to the end.

Statement: "We are spending billions in foreign countries to reclaim or open up new lands and build all types of new housing while our own people and our veterans are relegated to substandard housing."

Comment: In spending millions, not billions, for reclamation and housing abroad we do so only when an outlay of United States funds for these purposes contributes significantly to economic growth. In Africa, for example, the reclaiming of swamplands is of basic importance to attempts to raise productivity as well as production itself.

Mutual security funds are not generally allocated for purposes of housing construction, since there are normally higher priority uses for limited funds in such fields as agriculture and industry. There have been cases, of course, where local currency "counterpart funds" have been used for housing at the discretion of the country which owns those currencies and some other instances of minor assistance to basic housing projects where that project had very specific political importance.

Statement: "Highways and bridges are being built in foreign lands while our own road system has been neglected for many years."

Comment: Highway improvement is a very high priority item in the mutual security program for any of the following reasons:

(a) The importance of the highway system to the defense of a country with which we are mutually allied and supporting for common defense objectives.

(b) The construction of highways for farm to market roads in the less developed countries where the lack of transportation is commonly considered to be a principal deterrent to economic growth.

It must be understood of course that the highways noted above are actually constructed by foreign countries and the United States role is that of providing technical advice, which we as the leading road building country have in ample supply, and the supplying of certain construction items such as steel or roadbuilding equipment. Normally for the relatively little United States dollar output for this activity a very substantial local contribution is made. Again, where the economy of a country for military or other purposes is important to the United States it may well be in our interest to contribute to the construction of highways and bridges.

The total amount of mutual security funding for highway and bridge construction is running at the rate of \$65 to \$75 million per year and it is not felt that this amount, which contributes substantially to our national security, would make a very substantial difference in the quality or length of the United States highway network.

Mr. DIRKSEN. Mr. President, I understand the junior Senator from Oregon has been yielded 10 minutes.

The PRESIDING OFFICER. The junior Senator from Oregon is recognized for 10 minutes.

Mr. NEUBERGER. Mr. President, as always, and as is characteristic of him, the senior Senator from Oregon was extremely able in presenting the case for his amendment. I desire to comment briefly on his reference to my speech earlier in the day, in which I supported S. 2130, and in which I expressed my general opposition to various amendments which have been proposed to the bill.

I sincerely regret that the senior Senator from Oregon thought I was referring to him particularly when I made mention of bitter opponents of the bill. I have assiduously tried to avoid, as best I could, any personal references of any sort in my comparatively short career as a Member of the Senate.

I am certain the senior Senator from Oregon will agree with me that there are a substantial number of opponents of the bill, and that if some of them have not said some bitter things about the bill, certainly they have made some very sharp and caustic comments about the bill.

But I wish to emphasize very strongly that I had no reference to any opponent of the bill in particular, but I merely made mention of the fact that there are a substantial number of Senators who have been, to say the least, highly critical of this piece of proposed legislation.

The senior Senator from Oregon made mention of the fact that I referred to what seemed to me to be a disproportionate amount of opposition to our overseas aid in terms of dollars as compared with similar antagonism to overseas aid in the form of soldiers. It may be that I have misinterpreted the events of the past 2½ years since I became a Member of the Senate, but I think there was the famous editor in New York, Horace Greeley, of the old New York Tribune, who once said, "What the good Lord lets happen, I will put in my paper." I have felt that what the good Lord lets happen in the Senate is perfectly legal to be discussed later on in the Senate.

My memory may be faulty; but it is my recollection that in the past 2½ years there have been repeated Senate debates seeking to cut down our overseas aid in terms of dollars. I can recall no comparable debates in the Senate seeking to repeal our overseas aid in the form of American GI's. That certainly does not mean, and I certainly would not give the impression, that those who have sought to curtail our aid in terms of dollars are any less concerned than I am or any less worried than I am about the destiny and protection of the American soldiers. Of course they are concerned. Of course they are worried about them. Of course they feel a deep solicitude about them. I emphasize that if I gave any other impression, I deeply regret it.

Again I repeat this basic circumstance, however, which seems to me to be very evident and very clear—namely, that while the Senate is engaged in many debates over overseas aid in terms of dollars, there has not been a parallel amount of discussion or speeches or forays with respect to the commitment of our soldiers to farflung overseas outposts.

Before I close, I wish to make brief reference to the specific amendment before the Senate. I certainly do not share the knowledge of many Members of the Senate about overseas aid. It so happens that I am not a member of some of the committees, such as the Committee on Foreign Relations or the Committee on Armed Services, which have been directly involved in this great problem. But I am impressed by the fact that the vast majority of the membership of the Committee on Foreign Relations felt it was wise to have allowed within the bill this 3-year planning period for the development fund.

I have based my support of this particular proposal on a somewhat collateral interest which I have in another subject.

For the past 2 months I have been engaged, with the encouragement of the distinguished senior Senator from Alabama [Mr. HILL], who is the leading Senate exponent of health legislation, in supporting a bill of my own to provide \$500 million for the National Cancer Institute, on a continuing basis, to be carried on from year to year, for special research projects, until the funds are completely expended, regardless of how long a time or how short a time that may be.

The reason I have done so is that doctors engaged in this vital research have told me they have to know whether funds will be available for them over a long period of years, so that they can train the personnel, build the laboratories, and prepare the very mysterious and difficult chemicals for experimentation and discoveries in chemotherapy, and so forth.

It seems to me that while there may be no direct comparison, it is wise to have, perhaps, a 3-year planning period for the overseas development fund, so that preparations can be made over a sustained period of time for such programs.

In conclusion, I wish to emphasize one thing, which I am very much pleased that my senior colleague expressed when he began his address a short time ago.

The fact that the senior Senator from Oregon [Mr. MORSE] and I happen to disagree on the question of foreign aid and mutual security which is now before the Senate certainly does not mean in any way that there is any personal difference at all between us. If my memory is not faulty again, I believe that 2 years ago we did not wholly agree on some of the amendments to the measure extending for 3 years the Reciprocal Trade Agreement Act. That issue was not quite the same as the pending one, but it might be said to have had a somewhat comparable basis. Despite the fact that the senior Senator from Oregon and I did not vote quite alike on all phases of the question of extending on a 3-year basis the Reciprocal Trade Agreement Act—and, as I recall, I voted against one of his own amendments—yet in 1956 the senior Senator from Oregon and I campaigned in practically every county of Oregon—one of the largest States of the Union in area—shoulder to shoulder, and, I may add—if somewhat modestly—with quite a bit of effectiveness. I think that speaks for itself.

I wish to emphasize that the fact that we have disagreed on this particular mutual security bill does not alter in any way, so far as I am concerned, the basic political agreement and friendly relations between the senior Senator from Oregon and myself. It is part of maturity, I think, to be able to separate political issues from personal friendship.

Mr. President, that is all I have to say on this particular amendment.

Mr. MORSE. Mr. President, I yield back the remainder of the time available to me.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished junior Senator from New York [Mr. JAVITS].

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. JAVITS. Mr. President, the Senator from Oregon has frankly stated to us his purpose in connection with the amendment; and we should note it carefully, because I believe it is decisive in connection with our decision on the pending issue, and is the decisive reason why the amendment should be rejected.

This part of the pending bill would establish a new approach to the program of foreign economic assistance. For that reason, I think the bill should be passed by the Senate and enacted into law, because it represents a new business basis for giving our economic assistance. But if, Mr. President, in supporting the general provisions of the bill, we vote to strike from the bill the provision which will make the fund a true businesslike development fund, then we shall be voting to destroy the very new approach which the administration is trying to make in this connection, and which we should very much approve. It is the result of what has gone before and the result of value from what we have learned and experienced.

Second, I think the economic-aid provisions are among the most vital portions of the bill, because by means of this unique weapon we are attempting to avoid a third world war. If the United States has in her armory anything which is at all different from what the Russians have, it is our power of economic production. Insofar as the Russians are trying to give economic and technical assistance to other countries of the world outside the Communist bloc, the Russians are throwing dust in the air and are trying to compete with us even though they know full well that in this area we have superiority—this is our strongest offensive weapon in the struggle for freedom.

Finally, Mr. President, let me say that in connection with the extension of aid to other countries in the U. N. General Assembly debates we stood in opposition to SUNFED—the Special United Nations Fund for Economic Development. We have stated that our objection to that proposal is that it would not place economic aid on the solid basis which we favor but make it subject to "fuzzy" decisions.

Mr. President, despite our unwillingness to support that SUNFED proposal, which certain underdeveloped nations considered extremely important to their future, by supporting the pending bill we are making up in a big way for our disagreement with them on SUNFED; and we are demonstrating that when such aid is put on a sound, businesslike basis, in the way that the fund now proposed is put, we expect to achieve in substance much of the objective sought at the United Nations.

Finally, Mr. President, let me point out that in the present case we are putting this program on a loan basis.

The PRESIDING OFFICER. The time yielded to the Senator from New York has expired.

Mr. DIRKSEN. Mr. President, I yield 1 additional minute to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for one additional minute.

Mr. JAVITS. I thank the Senator from Illinois.

Mr. President, the United States had had remarkably good experience with loans in this field. Since the end of World War II, the United States has extended \$47 billion in grants, including all forms of aid, including military aid; and approximately \$11 billion in credits—in other words, in loans. Of the \$11 billion in credits, .046 percent—less than one-half of 1 percent—has been found to be uncollectible, and approximately one-half of 1 percent is about 90 days overdue. Therefore, I think the record demonstrates the constructive character of what we are seeking to do in the present case.

Mr. DIRKSEN. Mr. President, I yield 4 minutes to the Senator from Kentucky [Mr. COOPER].

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 4 minutes.

Mr. COOPER. Mr. President, the purposes and most of the details of Senate bill 2130 have been clearly stated by the chairman and the other members of the Foreign Relations Committee, but I should like to make a few comments about the amendment which has been submitted by the senior Senator from Oregon [Mr. MORSEL].

I join with my colleague, the Senator from New York, in saying that if the pending amendment should be adopted, it would strike from the bill the provision for the most significant development which has occurred in the field of foreign aid perhaps since the Marshall plan.

I know that a great many persons characterize the program of economic aid as a giveaway program, and speak of it as though it had no good purpose.

In the past 6 months I have received a great deal of mail stating that position.

Mr. President, I believe the bill should be passed, but I think the experience we have had in the past few months makes it imperative that in the future the President and the administration and the Members of Congress make clear the purposes of our foreign-aid program.

I think it worthwhile now to examine the proposal of the senior Senator from Oregon in the light of the background of the creation of the development loan fund. I do not believe I need remind the Senate that since World War II, a great many countries in Asia and, more recently, in Africa have become free and independent, and have chosen to adopt democratic institutions. Today, they are engaged in the task of achieving economic independence. Their task is an immense one, because in their efforts to secure economic independence they are faced with conditions which make the achievement of that goal much more difficult than was our success in developing industrially and economically in the past.

I believe that all of us know that the first requirement of industrial development and expansion is to secure for capital formation, savings from the income of the people. Many of these countries, in which the people have very small incomes, have very limited means of saving. When the people of a country have small annual incomes only a few of them are able to contribute savings for capital formation. But even if such countries are able to obtain limited internal savings they will not be sufficient to permit the purchase of the machine tools, steel, and other capital goods required for the construction of factories and other industrial facilities and the production of industrial goods.

The great purpose of our foreign-aid program is to provide some foreign exchange, so as to make possible in these countries the purchase of the tools, machines, and steel required for the construction of wealth-generating industries and facilities.

However, one fault of this program has been that underdeveloped countries cannot be assured that the small amount of foreign exchange which comes to them from our foreign-aid program will continue from year to year. That is so because our appropriations are necessarily made on a 1-year basis, as provided by our Constitution. These countries, therefore, have not been able to make plans to use in the most effective and efficient way the aid we have provided. In many instances they have not been able to use our aid to build the steel plants, the cement plants, the iron foundries, and the railroads which are the basis of industrial expansion. As a result, our aid has been diverted into a multiplicity of less important projects. I know that is true from my own observations and from my own experience.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired. Does the Senator from Illinois wish to yield additional time to the Senator from Kentucky?

Mr. DIRKSEN. I yield the Senator from Kentucky 2 additional minutes.

Mr. COOPER. I know it is the purpose of the Congress that the money for our foreign-aid program shall be used economically from the standpoint of the United States, and that it shall be used most effectively in the countries to which it is directed.

If there has been one great fault with our foreign-aid program, as I have indicated, it has been the lack of any assurance of continuity.

The proposal for a development-loan fund, however, does assure some of this necessary continuity. The program is, first, a loan rather than grant program. It assures a more economical use of the funds, from our own standpoint, because we can better select the most important projects in the beneficiary countries. From the viewpoint of the recipient countries, it will mean that they can better manage their own resources and the foreign exchange reserves which are available to them, that they can plan ahead, and that they can place orders for materials they need 2 or 3 years in

advance. This could not be done under any system whereby appropriations are made from year to year.

I believe the development-loan fund affords the best opportunity our country has had to make its program really effective, to provide for the most economical use of the money we make available, and to give the greatest benefit to the countries receiving our help.

Soviet Russia has been able to obtain the fullest effect from its assistance programs because it could marshal all its resources at will, because it could assure continuity of aid, and because it could guarantee the delivery of capital goods and the training of industrial personnel. We have not been able to accomplish this, because we have not had a program which promises continuity. The development-loan fund assures continuity. I think that fact is most significant. I think it is the major provision in the bill before the Senate.

For these reasons, I strongly believe that the bill should be passed in the form in which it has come from the committee, and that the amendment of the senior Senator from Oregon should be defeated.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I wish to say I favor the pending amendment. I had intended to propose one along the same lines. It strikes me that if we adopt the bill as now written we will be underwriting a program that will never end. The program should continue, if it continues at all, on a year-to-year basis. I propose to offer an amendment to authorize appropriations for the loan program on a yearly basis, and also to authorize appropriations for economic aid on a yearly basis. When I offer my amendments, I shall give a further explanation of them, but I wish to stress that by authorizing appropriations, particularly those for loans for a period of 3 years, as it is proposed to do, we shall be committed to continue such assistance for many, many years to come.

In the case of the loan fund, it would continue for 3 years. An appropriation would be needed only for the first year. The subsequent 2 years would require only that the fund ask the Treasury for a loan.

This is supposed to be a revolving fund—but let us be realistic, Mr. President. It will not revolve for three reasons:

First, there will be a moratorium on loan payments for the first 3 or 4 years after the loans are made.

Second, payments will be very small during a loan's early years, and,

Third, because the currencies we will receive in payment are soft and not really convertible into dollars, the assets of the fund will not be replenished as some of my colleagues so readily assume.

Mr. President, I am opposed to this subterfuge. It is an effort on the part of the administration to mislead our people and the Senate. This is not a revolving fund at all. It is only a de-

vice to commit Congress to a long-range economic-aid program under the guise of 3-year loans.

I think the following excerpts from the hearings are pertinent. For example, Mr. Hollister, the Administrator of ICA, admitted that this new approach will deprive Congress of its control over the aid program. He said:

4. Finally, we hope that the use of the development loan fund will help us get away from the present necessity of establishing annual overall country programs at a specific level. Under the present system, a country often learns of the amount illustratively programed for it. Notwithstanding the fact that conditions may change greatly before the year is over, making it unwise or unnecessary to allocate to that country the specific sum, the country regards this sum as something to which it has a vested right. Furthermore, a level established for a country 1 year is most difficult to reduce in later years without political repercussions.

I think it is a mistake in most cases to have an exact figure which is presented for a particular country in all the areas of operation. Since conditions may change very materially between the planning stage and the final expenditure stage or even the obligating stage of funds, it is a mistake to get a country committed, to get us committed to feel we have an obligation to give a certain amount to a country. We think it would be much better to have discretion.

Now admittedly there has to be a certain amount of confidence placed in the administrator of this fund, and with a review every so often so that any time Congress thinks it is being done wrong, Congress can of course completely change the whole thing.

Later, he admitted that the loan fund would not revolve for some time. He refused to predict when it would, if ever.

The CHAIRMAN. I am sorry I am obliged to leave. I have another engagement. There is one question I would like to ask. That is whether you can give any idea when this development loan fund will be self-sustaining. I understood you have a hope that it will become self-sustaining, and held out that hope to us.

Mr. HOLLISTER. Senator, that is of course something that no one will try to predict, because it depends on two things. That is depends on what the needs for it will be in the future and how well the payments will come in from the past. If the needs of the future stop, then it is automatically self-sustaining because you don't need much money. If the needs of the future still continue, whether or not it is self-sustaining depends on to what extent payments may be made of loans or guaranties or whatever it may be that we have used the fund for in the past. It is something that I would not want to predict.

Mr. President, I refuse to go along with a proviso such as this. It is a blanket delegation of congressional power to a band of bureaucrats who, as past experience has shown, have only scant respect for the American taxpayer, the state of our Treasury, or the condition of our economy.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I hope the Senate will reject the amendment. The amendment would really destroy the character of this whole proposal as a lending operation. It is

necessary to give the program the additional years of borrowing authority so as to set it apart from the existing program, to make a break from the past, to demonstrate that we are now seeking to move away from the grant program to a lending program. I think it is extremely important that these 2 additional years be added to the original authorization of \$500 million in order to make that break. Otherwise I am sure no one will be convinced that we have done anything toward arriving at a new approach to the economic assistance program, and the program may well be rejected.

Mr. DIRKSEN. Mr. President, I yield 3 minutes to the Senator from Rhode Island [Mr. GREEN].

Mr. GREEN. Mr. President, it is not too much to say that this amendment would cut the heart out of the proposed loan development fund. The amendment has two parts. First, it would delete the authorization for borrowings from the Treasury during the fiscal year 1959 and the fiscal year 1960, totaling \$1.5 billion, toward the capitalization of the fund. Second, it would eliminate a crucial part of the technical language designed to make the development loan fund a revolving fund.

Economic development is a long-term process. All the careful studies which have been made during the past year about foreign aid agree that it does not make sense to continue development assistance on a year-to-year basis. If foreign countries are properly to plan their development programs, and if we are to put our development assistance on a businesslike basis, it is necessary to set up a fund which will have some continuity.

One of the features of the fund which has also received nearly universal acceptance has been the concept that repayments on loans made from the fund, whether in dollars or in local currency, should become part of the assets of the fund and be available for additional loans.

Mr. President, the amendment would radically change the character of the proposed loan fund and undermine the purposes of the proposed new development loan program. I urge that the amendment be defeated.

The pending amendment would destroy the continuity of the fund and also destroy its revolving character. A vote against the bill would be a more logical and shorter process.

Mr. DIRKSEN. Mr. President, I yield myself 30 seconds.

There have appeared from time to time, in all sort of magazines and in newspapers, various assertions and allegations with respect to the practices of the International Cooperation Administration. I have kept one man busy a great deal of the time running down and verifying those matters. I thought it would be rather interesting to insert in the RECORD comments by the International Cooperation Administration on the allegations which have been made, notably in one article in the Reader's Digest and 1 article in the American Legion magazine, and I ask unanimous

consent that they be printed in the RECORD.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

INTERNATIONAL
COOPERATION ADMINISTRATION,
Washington, D. C., April 25, 1957.
Hon. EVERETT M. DIRKSEN,
United States Senate,
Washington, D. C.

DEAR SENATOR DIRKSEN: In accordance with your request, I am pleased to enclose memorandum just issued in which we have attempted to answer the specific criticisms of the International Cooperation Administration and predecessor organizations which were contained in Congressman MEADER's article in the April issue of the Reader's Digest entitled "Our Foreign Aid Program: A Bureaucratic Nightmare."

The instances which Mr. MEADER cites covers a period of some 10 years and 11 different countries, and certain operations for which ICA has no responsibility. You will note that many of them occurred several years ago.

But these instances, important as they are, nevertheless are relatively small details in comparison to the total program. Since the entire article is concerned only with these instances, it necessarily presents a distorted picture of the total program.

The International Cooperation Administration, which is charged with handling the mutual security program, is first of all concerned with getting the maximum security results possible for the American taxpayer from expenditures for this program. The Agency now maintains in all countries where it operates a careful system of auditing and review. Nevertheless, ICA is the first to admit that in such a highly complex program, involving some 60 different nations overseas, thousands of employees and hundreds of millions of dollars, hindsight will always show that from time to time mistakes have been made. The Agency, from the experience of the past, is constantly taking further steps to eliminate errors and waste.

We do not feel that the implications are justified that the mutual security program on the whole is wasteful or inefficient.

With assurances of my highest esteem, I remain,

Sincerely yours,
GUILFORD JAMESON,
Deputy Director for Congressional
Relations.

COMMENTS BY THE INTERNATIONAL COOPERATION ADMINISTRATION ON REPRESENTATIVE GEORGE MEADER'S ARTICLE IN THE APRIL READER'S DIGEST ENTITLED "OUR FOREIGN-AID PROGRAM: A BUREAUCRATIC NIGHTMARE"

LEBANON

Page 94: "In the name of foreign aid our Government has built a \$128,000 cowbarn in Lebanon to demonstrate to average farmers living on \$100 or less a year the equipment they should provide themselves with in order to get ahead."

Comment: This so-called cowbarn is part of an overall animal husbandry program for which the Lebanese Government requested United States assistance. The request was approved over 4 years ago. Funds were made available to the program in 1953, 1954, and 1955. No allotments have been made to it by the United States in 1956 or 1957.

ICA records show that the United States contributed \$48,265 toward the construction of an experimental barn, sheds, yards, silo, etc. This is almost \$80,000 less than the article states. The Lebanese Government itself spent \$100,000 Lebanese pounds (about \$30,000) in addition.

Pure-bred Holstein bulls were imported to improve the strain of Lebanese cows in order

to increase milk production and thereby enable Lebanese dairymen to earn more than \$100 a year. The crossing of pure-bred bulls with native cows has resulted in such a great increase in milk production that new pasteurizing and milking plants have been built in Lebanon which have helped to develop the economy and create employment. These plants were financed wholly by private capital.

ETHIOPIA

Page 94: "But at last report everyone (in Ethiopia) was too busy to put to use 2,000 plows and a store of tractors rusting away since UNRRA days."

Comment: Thousands of tons of agricultural equipment were left in Ethiopia by UNRRA (the United Nations Relief and Rehabilitation Administration, which had no connection with ICA or its predecessor agencies) in the immediate post-World War II period, and before that by the Italians when the British drove them out in 1941. By the time the United States technical cooperation mission was established in 1952 this equipment was in such poor condition, through mismanagement, lack of repair and insufficient storage space that it was unusable. Therefore, one of the earliest (and still continuing) projects was to assign an ICA technician to the job of training and supervising Ethiopians in rehabilitating it. Some of it now is in use in joint United States-Ethiopian projects, and the rehabilitation work is still continuing under American guidance.

AFGHANISTAN

Page 94: " * * * the United States advanced \$39,500,000 of loans to complete two dams in the most isolated part of Afghanistan. The idea was to produce industrial hydroelectricity and pour out water to reclaim a million acres of desert on which to resettle the nomads. Today, 2 to 5 years after completion of these dams, there still is little power equipment installed and no electricity has been generated."

Comment: This is a reference to the Helmand Valley development project, an undertaking of the Government of Afghanistan, and not of ICA or its predecessors. Some work on this land reclamation project was done prior to World War II. Shortly after the end of the war, the Afghan Government resumed work and retained the American engineering firm of Morrison-Knudson to carry it out, the Afghans paying the costs.

The Export-Import Bank in 1950 made a loan of \$21 million to Afghanistan to continue work on the project and in 1954 made a second loan of \$18.5 million. As of today two large storage dams and related irrigation canals have been completed. The primary purpose of the dam was not to generate electrical energy immediately, but to provide land for resettlement. Unfortunately, the whole project was not adequately planned by the Afghan Government. However, so much had already been done that ICA has tried to help the Afghan Government realize as much as possible on its investment and has provided Afghanistan with technicians as advisers on the project. ICA also financed a survey by the Tudor Engineering Co. of San Francisco, designed to assist the Afghans to complete the development as well as possible.

Page 94: "Courtney Kimler said, 'Show them how to make a \$5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle. * * * No one would listen.'" (Presumably meaning ICA.)

Comment: Mr. Kimler was sent to Afghanistan in 1955 by ICA, and again in 1956 by ICA. His reports recommended that assistance be given to the rug-weaving industry and this proposal was adopted by ICA. One of the foremost authorities on rug weaving in the United States was sent to Afghanistan by ICA, and he has been working there on a rug-weaving project for almost a year.

Page 95: "Instead of starting with wheel and axle, ICA gave \$14,500,000 last year to start 5 airports and provide electronic equipment for a sixth which Russia is constructing."

Comment: The United States believes that it would be highly advantageous to the free world to direct the trade and travel of Afghanistan, long an object of Russian expansion, southward instead of northward to Soviet Russia. Therefore, ICA is planning to assist in highway development between Afghanistan and Pakistan. The terrain makes railroad development of doubtful wisdom.

The civil aviation program was requested by the Government of Afghanistan. Under this program the United States will help Afghanistan expand its domestic airlines, supplies, build new airports and improve air to ground communications. As a result of the development with part of these funds of an international airport at Kandahar, Afghanistan's second largest city, United States commercial planes will be able to link Afghanistan with the other countries of the free world.

INDIA

Page 95: " * * * ICA spent little on these community-development projects last year."

Comment: Many present ICA technical cooperation projects are connected in one way or another with the community-development program in India. ICA has supported the following activities in India in this field: extension and home science advisers; the services of five land-grant colleges to aid agricultural education and research institutions; projects in agricultural information; livestock improvement, irrigation, marketing, and dairy development; pesticides and equipment in support of the malaria-control program; pipe and other supplies to the national water supply and sanitation programs; health experts and demonstration equipment which will help train a quarter million doctors and a half million nurses; help in the development of home science departments in universities and aid in the reorientation and expansion of the secondary school system.

Page 95: "A United States mission of more than 400 works hard" (in India).

Comment: As of February 1957 there were 160 Americans on ICA's payroll in India and 82 under contract in India, making a total of 242. In addition, there were 174 Indian nationals working for the mission. Mission employees are assigned to live and work in all parts of India, not just in the mission headquarters.

Page 96: "In 1954, after telling Congress that it intended to spend but \$639,000 on all transportation and communications in the country, the mission made India an outright gift of \$20,500,000 worth of new railroad equipment alone."

Comment: Congress had continuously recognized the authority of ICA and its predecessor organizations to transfer funds from one program to another. The figures presented to the Congress are the result of planning which has to be developed months ahead of time. Often when the time comes to put the program into effect, conditions in a country have changed materially, and the best results can be achieved by changing the program to meet the then existing conditions.

In making the illustrative presentation to Congress in the summer of 1953, the Foreign Operations Administration (predecessor to ICA) listed \$639,000 for "transportation, communications, power" for India. More than 6 months after this illustrative program had been presented, the Foreign Operations Administration approved an Indian railway program of \$20.5 million.

The reason for this change was that during the summer of 1953 food production in India and grain harvests far exceeded expecta-

tions. As a result, the Indian Government urgently asked assistance be given to their railroad rehabilitation program so that this food and other materials could be properly distributed through the nation. Funds were therefore transferred from proposed agricultural programs into the more pressing railway program.

Page 96: " * * * our foreign aid officials in India decided to donate \$1,539,000 worth of prefabricated steel for 52 easy-to-erect grain silos and warehouses * * * ICA approved a request from its office in India for an additional \$4 million of United States taxpayers' money for 600 more warehouses—in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent."

Comment: To avert the threat of repeated local famine conditions, the Government of India is in the process of establishing a grain reserve of some 2 million tons. This reserve requires a greatly expanded storage capacity.

The 50 prefabricated buildings for flat storage of grain and 2 silos arrived in India in December 1955. In April 1956, at India's request, ICA agreed to supply an additional 500 storage buildings at a cost of \$4 million contingent, however, on the erection of the first 52 buildings by the Indian Government. Unfortunately, there were delays on the part of the Indian Government, so that early in 1957 ICA reduced the number of buildings to be constructed under this program from 500 to 100. In March 1957, not having received the previously requested assurances with respect to the construction of the 52 buildings, the entire \$4 million project was canceled by ICA.

Page 96: "Nearly \$4 million worth of motor vehicles was given away."

Comment: Motorized transport equipment has been one of the major United States contributions to India's community development program which the article earlier describes as India's best project. The value of this equipment over the 5 years since the United States aid program began totals nearly \$8 million and includes nearly 2,000 jeeps which are the only motorized transport equipment which can be used in many parts of India; 236 jeep station wagons; 30 health vans; 34 motor graders; 163 tractors, some of them fitted with bulldozers; 38 road tillers; and 350 trailers.

Page 96: "G. Corson Ellis, vice president of the Association of Consulting Management Engineers, * * * told the House Foreign Affairs Committee that he was not permitted to serve private businesses—just government undertakings; that he had to wait 7 months before the Indian Government would let him have any people to train; that his job was impossible because of a resistance to criticism and to the idea of a free economy."

Comment: Mr. Ellis, a partner in the management engineering firm of A. T. Kearney Co., of Chicago, went to India in 1955 under an ICA-financed contract between his firm and the Government of India to set up a management development program. In 1956, a little more than a year later, the contract between Ellis and the Indian Government was mutually terminated. The principal reason why ICA originally sponsored the contract was in an endeavor to bring about a more enlightened attitude on the part of the Indians toward private management which would alleviate some of the problems of which Mr. Ellis complained. Other United States management engineering firms are still carrying on management development programs in India, and have been able to work effectively with Indian private industry.

GREECE

Page 97: "In Greece Marshall plan tractors rusted on the docks 2 years after ar-

rival because the country couldn't absorb all the aid we insisted upon giving."

Comment: The tractors referred to were sent to Greece by UNRRA in early 1946, and had no connection with ICA or its predecessor agencies. Because of the civil war in Greece and because a number of the tractors were unusable in that country without certain modifications in their equipment, the tractors were not used immediately. Eventually, however, the tractors were converted and were absorbed by the Greek economy.

LAOS

Page 97: "Recently, in Laos, a country of 1½ million inhabitants, Congressmen saw a depot crammed with enough expensive drugs, hypodermic needles and other medical supplies to care for much of southeast Asia."

Comment: ICA has supplied \$83,000 worth of first-aid kits for the Laotian villages and \$150,000 worth of pharmaceuticals for use in the malaria eradication program.

The Philippine-Laos junior chamber of commerce has jointly sponsored a project called Operation Brotherhood which supplies medical items donated by pharmaceutical houses. Dr. Thomas A. Dooley, a young ex-United States Navy doctor, is also operating a small private medical team in Laos and has enlisted the aid of many American drug supply houses to help him carry out his mission.

Private importers have also been allowed, by the Lao Government, to purchase pharmaceuticals through normal trade channels.

THE PHILIPPINES

Page 97: "Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them was available."

Comment: When arrangements were made to send an electronic microscope to the Los Banos College of Agriculture—about 30 miles from Manila—verbal agreements had been made to get power from the Philippine National Power Co. Later it was deemed not economically feasible to put a power line into the college. The college had been generating its own power from outmoded and obsolescent equipment. ICA supplied some new generators. These supplied power not only for the new microscope, but also for the entire college. A Filipino operator for the electronic microscope has been trained in the United States and is working for the Los Banos College.

Page 97: "Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such water on the scene had already been supplied."

Comment: Two hundred and fifty dollars worth of distilled water was sent to the Philippines in 1951 by the Mutual Security Agency (predecessor to FOA and ICA). This was specially prepared distilled water to be used for intravenous injections. There was an inadequate supply of vials in the Philippines at the time—the vials of water from the United States cost 10 cents each—and it would have cost approximately the same to have sent empty vials and to have had the Philippines fill them.

WASHINGTON

Page 97: "In the current fiscal year \$1,749,000,000 was appropriated for nonmilitary assistance—an increase of \$68 million over 1956, even though ICA ended the year with a backlog of nearly two billions it had been unable to spend."

Comment: Because it operates on the basis of year-to-year appropriations, ICA must always have a pipeline of unexpended obligations to pay for commodities and goods on order, and to finance previously approved projects and contracts. At the end of 1956 fiscal year, ICA's unexpended balance was

\$1,760,200,000, but of this amount \$1,617,600,000 was unexpended obligations. The remainder included \$97,200,000 in special Asian economic development funds which Congress authorized to be obligated over a 3-year period and a congressional reappropriation of \$45,300,000 in Palestine refugee funds which remained unobligated at the end of the 1956 fiscal year. Under law, ICA unobligated funds remaining at the end of a fiscal year in annual appropriations accounts automatically revert to the Treasury unless specifically reappropriated by Congress.

Page 97: "By 1953 the foreign-aid bureaucracy had become so swollen and topheavy that Congress ordered a 10-percent cut in its 7,000 personnel. Yet today it has more employees than ever—more than 8,000."

Comment: Total employment in ICA has risen from 7,556 on January 31, 1953, to 8,616 as of January 31, 1957, but these figures do not reflect the significant changes that have taken place in the nature of the program and the composition of its personnel. The following figures are provided for comparative purposes:

	Jan. 31, 1953	Jan. 31, 1954	Jan. 31, 1957
Americans:			
Administrative.....	2,784	1,952	2,101
Program.....	1,990	2,055	3,088
Total.....	4,774	4,007	5,189
Foreign nationals:			
Administrative.....	1,664	1,121	1,197
Program.....	1,118	883	2,230
Total.....	2,782	2,004	3,427
Grand total.....	7,556	6,011	8,616

The number of employees paid from administrative funds has been substantially reduced, while those paid from program funds (technicians) have increased. This change is primarily because ICA is no longer concerned with the economic rehabilitation of the developed countries of Europe but has turned toward the less developed areas of the world. This has necessitated a change in the type of employee required by the program. Increasing emphasis has been given to the employment of qualified American technicians who can transmit American techniques and methods to the indigenous population of the underdeveloped countries.

JORDAN

Page 97: "Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: a half million Arab refugees from Palestine. Our major cure has been to construct throughways for the country's fewer than 9,000 automobiles."

Comment: The major cure for the Palestine refugee problem has never been road building but development of the Jordan River. To this end the President 3 years ago designated Eric Johnston as his special representative to try to get the four countries involved—Israel, Jordan, Syria, and Lebanon—to agree to develop the river, to date without success. The United States has for the past several years contributed millions of dollars to the U. N. to feed the Palestine refugees. The road program is not part of a direct attempt to relieve the refugee problem.

Jordan has only 225 miles of railroad, so it must also depend on highway transportation. Following the establishment of the State of Israel, transportation which had formerly flowed east-west from Jordan to the Mediterranean was cut off and had to be diverted into a north-south movement. There was a need for connecting links with roads leading northward to Lebanon and Syria and southward to the port of Aqaba, and for roads connecting the four areas of

Jordan containing the bulk of the country's 1½ million population, including the Arab refugees. A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel.

THAILAND

Page 97: "In Thailand a 200-mile asphalt road was undertaken as a 1-year \$6½ million dramatic demonstration of United States efficiency in peaceful pursuits, but after 2½ years the estimated cost has skyrocketed to \$18 million for just the first 100-mile stretch, with completion not due before 1958. Meantime, ICA has expanded this demonstration into a series of Thai highway projects which by June will have cost us \$45 million and no end in sight."

Comment: The purpose of this road was not basically to provide a dramatic demonstration but was instead one of the first elements of the new defense support program undertaken in midfiscal year 1955 in response to increased Communist penetration of the neighboring countries of Vietnam, Cambodia, and Laos. This highway is part of a program to increase the mobility of Thailand's defense and internal security forces.

At an early stage, a preliminary cost figure of \$6½ million (plus a \$1 million Thai contribution) was suggested, based on generally unchecked Thai data. However, before ICA undertook to contract for any of this work, an engineering survey was arranged in order to secure more realistic cost figures. This resulted in an estimate of \$22 million for a 200-mile highway. Consequently, it was decided to build only the first, more critical, 100-mile segment, which costs about \$18 million because it is all new construction through difficult terrain. The second 100-mile stretch was to have been only the rehabilitation of an existing highway.

A general highway improvement program was also undertaken to improve key segments of the Thai highway system. This was not a mushrooming into a series of other projects with no end in sight, but constituted instead a comprehensive plan for highway improvement for primarily defense and internal security reasons. Over a 3-year period the cost will be approximately \$45 million.

Page 98: "The American contractors' 150 employees (working on the highway project) have to be paid during the 6-month rainy season when they can only sit * * * the boss of one team collects \$27,750 a year * * * 14 other engineers get \$17,400 each."

Comment: Engineering and construction operations in Thailand proceed throughout the rainy season with comparatively little lost time because much of the highway is being built through a semiarid part of the country.

ICA carefully screens all salary contracts to insure that they are equitable and necessary in order to secure competent highway engineers and construction personnel in the present highly competitive United States market for these critical specialists. Personnel of substantial experience and competence are needed for this difficult work.

BURMA

Page 98: "Meanwhile, Burma, 4 years ago, rejected further wholesale gifts from the United States."

Comment: In 1953, after nearly 3 years of technical cooperation with the United States, Burma, for political reasons not related to the United States aid program, requested that the program be phased out. This was done gradually over a period of months, and Burma contracted with some of the United States technicians to stay on and work in the employ of the Burma Government.

However, we are again carrying on a program in Burma. The Burmese on March 21, 1957, concluded 2 loan agreements with the United States totaling \$42.3 million, \$17.3 million of which is in Burmese currency received from Burma for the purchase of United States surplus agricultural products. All these loan funds are to be used to further economic development in Burma, and are to be repaid with interest over a 40-year period.

COMMENTS BY THE INTERNATIONAL COOPERATION ADMINISTRATION ON EUGENE W. CASTLE'S ARTICLE IN THE MAY ISSUE OF THE AMERICAN LEGION MAGAZINE ENTITLED "ARE WE BLEEDING OURSELVES WHITE?"

Comments on some of the specific statements:

"In the past 10 years we have given \$60 billion to foreign nations which is euphemistically referred to as foreign aid. The avowed purpose, of course, is to win their friendship."

The total amount of United States net foreign grants and credits since July 1, 1945, is \$57,662,000,000—of which \$10,847,000,000 was in loans, and \$18,560,000,000 was for direct military assistance to our allies. The purpose of this so-called foreign aid was not, of course, to win their friendship. The real purpose was, first, to restore the war-torn economy of Europe, a program known as the Marshall plan in the amount of \$13 billion and later, after the Korean invasion, to assist our allies in our joint defense against the Communist threat and to strengthen the economies of the world's new democracies—in short to keep the free world free. The annual cost of doing these things is about one-tenth the cost of maintaining our own Defense Establishment and about 1 percent of our country's gross national product. If we did not have our military allies, the cost in money and manpower of maintaining global defense by ourselves would be staggering.

"We gave more than a billion dollars to the shaky Government of Indochina before that country capitulated to the Reds."

There was no government of Indochina, shaky or otherwise; there were three Associated States of Indochina: Cambodia, Laos, and Vietnam. Up to the time they became independent, American aid to them amounted to \$841.4 million, which includes \$726.9 million for military aid, channeled through France. With these funds we helped these countries fight a shooting war with the Communists, and preserved for the free world the states of Vietnam, Cambodia, and Laos. North Vietnam was won by the Communists in the Geneva settlement. Vietnam itself has never capitulated to the Reds, and does not recognize the Geneva settlement.

"We gave Norway \$300 million which was promptly applied to the reduction of Norway's internal debt. We gave Denmark \$100 million which the Danes used in the same way."

Net grants and credits to Norway since July 1, 1945, total \$297 million, of which \$87 million was in loans; for Denmark the total is \$282 million, with \$48 million in loans.¹ This money was spent for machinery, petroleum products, and other commodities vitally necessary to restore these countries' war-ravaged economies. The Norwegians and Danes paid for these commodities with their local currencies which subsequently were used, in part, for debt retirement to save the countries from inflationary collapse.

"We are providing free airplane excursions for thousands of Arabs visiting their religious shrine at Mecca."

In June 1956, at the request of the government of Afghanistan, the United States

did supply an airplane to help transport Moslems (not Arabs) from that country to the "great feat" of the Mohammedan world at Mecca. But the pilgrims paid their own way, round trip. They paid their fares in Afghan currency, which was used to further joint Afghan-United States economic development program in this strategic country.

"We are paying all living expenses and tuition costs for the sons of hundreds of wealthy Persians attending American universities."

Experience has demonstrated that ICA's program of bringing foreign nationals to the United States for 3 to 12 months for advanced technical training is most effective. Some 32,000 have been given such training, 600 of them from Iran (Persia). These 600, like the others, have received training in schools, factories, government, and private offices, and many other places where American know-how is to be learned. Participants in this program are selected jointly by the government concerned and ICA's representatives and on the basis of their potential contribution to the country's economic development. They are selected regardless of their net worth from among workers in government, industry, agriculture, or some similar field of activity. All participants in this program are paid fixed sums for living expenses.

"In Portugal we have paid for a six-lane highway 15 miles long connecting Lisbon with the gambling resort of Estoril."

No United States aid funds, dollars or counterpart, have been used for highway construction anywhere in Portugal. The highway referred to was built by the Portuguese Government and opened to traffic some 6 months before counterpart funds were released.

"Our tax dollars have provided dress suits for Grecian undertakers, public baths for Egyptian camel-drivers, and even ice boxes for Eskimos."

This is a complete fabrication, with no basis of fact whatsoever.

"In India, which has received a billion dollars' worth of free goods from the United States of America, the Russians agreed to furnish that country with ore-mining machinery only on condition that India would purchase, not get for nothing, a million tons of rolled ferrous metals. Even the widely heralded gift of a Soviet steel mill to Nehru was no handout. It was to be repaid by 12-year credits at 2½ percent interest."

India has not "received a billion dollars' worth of free goods from the United States of America." Since July 1, 1945, net grants and credits to India total \$468 million, of which \$217 million was in grants, \$251 million in loans.² The total obligated under the program of ICA and its predecessor agencies is \$335 million of which \$53 million was for technical cooperation, and \$82.5 million was in the form of loans.

Mr. DIRKSEN. Mr. President, if the Senator from Oregon is willing to yield back the time remaining to him, I am prepared to do so.

Mr. MORSE. I yield back the time remaining to me.

Mr. DIRKSEN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time remaining on the amendment has been yielded back.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

All time on the amendment has expired. The question is on agreeing to the amendment proposed by the Senator from Oregon [Mr. MORSE], for himself and the Senator from Wyoming [Mr. O'MAHONEY]. The yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk called the roll.
Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from West Virginia [Mr. NEELY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from West Virginia [Mr. NEELY].

If present and voting, the Senator from North Carolina [Mr. ERVIN] would vote "yea," and the Senator from West Virginia [Mr. NEELY] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. LANGER], and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Michigan [Mr. POTTER] are necessarily absent.

If present and voting, the Senator from Maine [Mr. PAYNE] would vote "nay."

On this vote, the Senator from North Dakota [Mr. LANGER] is paired with the Senator from Michigan [Mr. POTTER]. If present and voting, the Senator from North Dakota would vote "yea," and the Senator from Michigan would vote "nay."

The result was announced—yeas 32, nays 54, as follows:

YEAS—32		
Anderson	Frear	O'Mahoney
Barrett	Hruska	Revercomb
Bible	Jenner	Robertson
Bricker	Johnston, S. C.	Russell
Butler	Kerr	Scott
Byrd	Long	Stennis
Chavez	Magnuson	Talmadge
Curtis	Malone	Thurmond
Dworshak	Mansfield	Williams
Eastland	McClellan	Young
Ellender	Morse	
NAYS—54		
Aiken	Gore	Martin, Pa.
Aliott	Green	McNamara
Beall	Hayden	Morton
Bennett	Hennings	Mundt
Bush	Hickenlooper	Murray
Capehart	Hill	Neuberger
Carlson	Holland	Pastore
Carroll	Humphrey	Purtell
Case, N. J.	Ives	Saltanstill
Case, S. Dak.	Jackson	Schoeppel
Church	Javits	Smathers
Clark	Johnson, Tex.	Smith, Maine
Cooper	Kefauver	Smith, N. J.
Cotton	Kennedy	Sparkman
Dirksen	Knowland	Symington
Douglas	Kuchel	Thye
Flanders	Lausche	Watkins
Fulbright	Martin, Iowa	Wiley

¹ Source: Office of Business Economics, U. S. Department of Commerce. Country figures do not include direct military assistance, which is classified information.

² Source: Office of Business Economics, United States Department of Commerce. Country figures do not include direct military assistance, which is classified information.

NOT VOTING—9

Bridges	Langer	Payne
Ervin	Monroney	Potter
Goldwater	Neely	Yarborough

So the amendment offered by Mr. MORSE, for himself and Mr. O'MAHONEY, was rejected.

Mr. KNOWLAND. Mr. President, I move that the vote by which the Morse-O'Mahoney amendment was rejected be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON] to lay on the table the motion to reconsider made by the Senator from California [Mr. KNOWLAND].

The motion to reconsider was laid on the table.

Mr. MORSE. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is identified as "amendment 6-13-57-A."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 39, it is proposed to strike out lines 1 to 4, inclusive.

On page 40, line 7, after the quotation marks and before the word "to" it is proposed to insert "\$150,000,000, in addition to the funds authorized."

On page 40, line 9, it is proposed to strike out "for such use by section 400 (a) of this act" and insert "\$100,000,000."

On page 40, it is proposed to strike out line 13 and insert the following:

(3) Amend subsection (b) to read as follows:

"(b) The authority contained in subsection (a) shall not be exercised in any case until 15 days shall have elapsed while the Congress is in session after the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Appropriations of the Senate and House of Representatives have been furnished a report showing the purpose for which and the country or countries with respect to which such authority is intended to be exercised and the particular appropriation from which the funds proposed to be used are derived."

On page 40, it is proposed to strike out line 14.

Mr. MORSE. Mr. President, I shall be exceedingly brief on the amendment. This is the second of the two amendments on which I desire a ye-and-nay vote. Therefore, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. The amendment affects the President's so-called special fund in two ways: It reduces from \$250 million to \$100 million the amount he is permitted to use at will, without regard to provisions of the act; and it requires him to report to Congress first, before doing anything with it.

It is important to note that this makes no absolute saving, because it only reduces the amount he may use at will.

The bill has a complicated arrangement for giving the President his special fund. Section 400 as proposed in the bill gives him \$250 million to use for

assistance designed to promote political or economic stability.

Mr. President, the word "political" may have some very interesting implications. It does not say "to promote political freedom." It says "political or economic stability."

I am skeptical of using American taxpayer dollars to promote the political stability of totalitarian states, because I happen to believe in freedom. I think the time has come when we ought to stop giving to any President, of any party, the discretionary power to use \$250 million to promote his notions in respect to the political stability of any foreign state. I talked about this matter at great length yesterday.

Mr. HUMPHREY. Mr. President, will the Senator refer to the page of the bill about which he is now talking?

Mr. MORSE. My amendment relates to section 400 of the bill, which would give \$250 million to the President to use for assistance designed to maintain or promote political or economic stability.

Mr. HUMPHREY. I thank the Senator.

Mr. MORSE. I spoke yesterday on the subject, and I shall be very brief today. This is nothing new for me. I have opposed blanket authority to a President under a Democratic administration as well as a Republican administration.

This money is subject to the general limitations of the other sections of the law, except that \$100 million of it plus \$150 million from anywhere else in the bill may be used as he sees fit without regard to the other parts of the act.

This amendment would leave him the entire \$250 million in section 400 to use subject to the general limitations of the law. It would then authorize him to take \$100 million from anywhere in the mutual security program—from the above-mentioned \$250 million, if he wishes—to use without regard to the act, after first notifying Congress.

The prenotification requirement is a little different from the language used in the Middle East resolution; the legislative counsel thought this would be a little simpler.

Mr. President, the chief basis of the amendment is my belief that there should be written into the bill more of a check on the exercise of arbitrary power by the President. As the Senate should know, if it does not know already, the State Department opposed me in committee on this matter. It is opposed to me now on the floor. It has sent a memorandum to the committee in opposition to my amendment. In fairness to them, I believe the memorandum should be printed in the RECORD at this point in my remarks. I make that unanimous-consent request.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

AMENDMENTS TO SECTIONS 400 AND 401

It is understood that an amendment, or several separate amendments, are proposed to S. 2130 which would have substantially the following effects:

(a) Reduce the authority to waive provisions of the Mutual Security Act, etc.,

which is now provided by section 401 (a) of the Mutual Security Act of 1954, as amended, from \$150 million to \$100 million.

(b) Eliminate the similar authority which is included in the proposed new section 400 to waive provisions of this Mutual Security Act, etc., with respect to \$100 million of the \$250 million which would be authorized for special assistance in the Senate committee's version of this section.

(c) Require 15 days' advance notice to interested congressional committees before each use of the \$100 million waiver authority which would still remain under section 401 (a) of the Mutual Security Act of 1954. The executive branch strongly opposes each of these changes; the first two because they would unduly and dangerously limit our ability to meet emergencies and to keep the program continuously responsive to the requirements of our national security; and the third, among other reasons, because it would shackle the use of our remaining emergency power with preconditions that might delay or hinder its use to the point where its use would come too late to be effective.

In fiscal year 1957, the President has the authority under section 401 (a) of the Mutual Security Act of 1954, as amended, when he determines that such "use is important to the security of the United States," to use an aggregate of \$250,000,000 of the funds made available under the Mutual Security Act "without regard to the requirements" of that act or of any other act for which funds are authorized by the Mutual Security Act—the \$100,000,000 appropriated pursuant to section 401 (b) plus \$150,000,000 of any other funds made available under the act. Under the proposed bill the amount of this authority would simply be continued at the \$250,000,000 level; there is no proposal to increase it. However, the amendments in question would, on the contrary, reduce this \$250,000,000 by \$150,000,000, or by 60 percent, to \$100,000,000.

The accumulation of experience over the past few years has indicated that \$250 million represents the minimum safe level of authority of this kind in a world in which recurrent emergencies and other important unforeseen developments frequently call for major adjustments in the character of the program, create new requirements which, in terms of total United States security interests, should be met, and presents situations in which it is not possible to meet all the normal requirements of law in providing needed assistance. This authority both (a) enables us to use funds for forms of aid or in areas for which they were not initially made available, and (b) permits us, where this is necessary to the effective extension of the aid in question, to waive the requirements that normally govern the provision of such assistance, as for example, requirements with respect to agreements.

Whether we like it or not, it is one of the facts of life that the world in which we live is characterized by a constant flow of new developments, many of which greatly affect the security of the United States and some of which can only be dealt with adequately through the prompt provision of previously unplanned assistance. Needs for assistance of this kind can normally be met in 1 of 3 ways:

First. By seeking new congressional action, which will be desirable if the new demand for aid is very large or involves major new issues of national policy, but

which is hardly a practical course in the usual situation, even assuming, as one cannot do, that the Congress happens to be in session.

Second. By diverting for the new need, based on an assessment of relative priorities, funds from the purposes for which they would otherwise have been used.

(3) by utilizing contingency funds if such are available. The \$250 million authority to which reference is here made enables one to shift funds to meet new needs in those cases where the new needs cannot be met within the framework of the appropriation account from which the funds are to be taken—for example, the funds are available only for military equipment and the need is to help another government finance the support of troops or to meet requirements in the wake of a hurricane. Its use for this purpose has, in the past, been extensive and for purposes which, with very minor exception, we have heard no criticism of whatsoever. And this in spite of the fact that each such case has been promptly and fully reported to four committees of the Congress and then, subsequently, described and accounted for in the annual presentation of the program to the Congress.

The use of this authority to remove limitations of law that would otherwise be applicable has been far more limited than its use as a means of shifting funds from one use to another, but the cases in which it has been used for such a purpose have often been very important ones. For example it was this authority which, in fiscal year 1957, made it possible to extend some \$40 million in aid for Hungarian refugees; which enabled us to make a contribution toward the cost of clearing the Suez Canal; which permitted us to contribute to the support of the United Nations emergency force sent to the Near East; which gave us the authority to provide funds in the most effective fashion to the Bolivia stabilization fund; and which made it possible to extend aid in a number of cases where there was not time to obtain, or it was otherwise impossible to obtain, the kind of agreements that would normally be necessary.

The full \$250 million authority was not completely used in fiscal year 1956 and probably will not fully be used in fiscal year 1957, but its use in both years has been such that it is clear that it represents, or is certainly close to, the minimum amount that can be safely accepted. As a matter of fact, in the absence of the special, somewhat broader, additional \$200 million authority provided in the Middle East resolution, this \$250 million authority would have been more than exhausted. The nature of the contingencies now on the horizon, as well as the character of certain of the problems that we know now will have to be met, indicate that the need for authority of this kind will be as great in the immediate future as in the past.

As to the provision concerning notice, we have at least two objections. The first is the fact that it is unwise, and seems particularly inappropriate, to reduce the usability in emergencies of an authority which has, as one of its major specific purposes, the meeting of emergencies—to run the peril of delaying or hindering the provision of assistance in the kind of situation where delay or hindrance may destroy or reduce the value of such assistance. The second is the fact that it divides and diffuses responsibility in a way that is inconsistent with sound principles of management and administration. The task of administering laws belongs to the Executive, who is required, within the conditions, etc., provided in the legislation, to make the necessary determinations and other decisions, and to take all other actions, which proper execu-

tion of such legislation necessitates. The Executive should be responsible for their effective implementation and held accountable to Congress and the people therefor. His responsibility cannot be divided or shared, as the suggested notice provision appears to contemplate, if good administration is desired. Moreover, his authority must be commensurate with such responsibility, and it cannot be diluted by provisions such as the one in question without eventually reducing responsibility and producing less efficient and less effective Government.

Mr. MORSE. Mr. President, I have only a few brief comments to make in answer to that memorandum.

Under my amendment, the President retains the authority over a fund of \$250 million which he may apply to various programs in the act as he sees fit. That is not inconsiderable power, and can be used for many emergency situations that may arise for which the specifically authorized funds are not enough.

The memorandum seems to indicate that the special fund has been used in the past for aid to Haiti after a hurricane, although the committee report on the bill is not clear on that. Another purpose it was used for was in clearing the Suez Canal. Is either of these so important that Congress could not first have been notified?

What is the objection to notification in advance?

The memorandum also says:

The nature of the contingencies now on the horizon, as well as the character of certain of the problems that we know now will have to be met, indicate that the need for authority of this kind will be as great in the immediate future as in the past.

I do not doubt it. But what is wrong with requiring the President to notify us first? If he has anything specific in mind, why does he not want to put it in the bill and ask for the money? Or is this, as I suggested yesterday, designed as some kind of foreign policy strategy, of which I completely disapprove and never want to see my country be a party to? Bribery, for example. I do not think we ever strengthen American foreign policy by using a dollar to bribe someone in an effort to further our foreign policy. The same goes for other well-known techniques which we as individuals, when we sit down in communion with our conscience, cannot square with moral principles.

Second, if some great crisis develops in the international scene, as implied by the memo, Congress undoubtedly should be called into session to pass judgment on it.

What is wrong with that? I hope that this is still a constitutional government.

As for the argument that \$100 million is not enough, as set forth in the State Department memorandum, Congress will always be available, and, under the terms of my amendment, Congress can provide an additional amount of money if the State Department can make out a case.

I am never impressed by the State Department's argument that a particular proposal does not provide enough funds. One would think that Congress is in recess many months of the year. Everyone knows that it has not been for a good many years, and it will not be for a

good many years to come. And when we are, the President can always summon us back.

Nor am I impressed with the argument of the State Department that there should not be included a requirement for advance notification. They say, "Trust the President." That is the cry of the State Department. It is always "Trust the President." They say, "He has told you that he will keep in daily touch with Congress."

I said to the Secretary of State, "Why not write that into the bill?" These public statements of the President are not parts of the bill. They are not commitments in the bill. If that is what they intend to do, then why does the State Department oppose a requirement for prior notification?

The objection of the State Department to requiring a preliminary report to Congress has, I think, little validity. My amendment does not require congressional approval. I wish I could secure the adoption of the amendment in a form requiring congressional approval. I think that is the check we ought to have, but every Senator knows I cannot get it. Every Senator knows I have failed when I have insisted on that check in the past. I made what I am certain will be recorded as a historic fight for that kind of check in connection with the Eisenhower Middle East doctrine.

What this amendment does require is prenotification. It is very similar to the language in the Middle East resolution, except that it requires that Congress be called into session if it is not sitting.

The argument that the executive would be unduly limited in his execution of the act if my amendment were adopted is, I respectfully submit, irrelevant, because this is a grant of money to the President to be used above and beyond any law. Congress need not give the President any special fund at all and that would in no way be an encroachment upon his executive power to administer foreign aid.

My amendment continues to allow the President \$250 million to apply in his discretion to various programs authorized in the act in addition to the amounts authorized for them. That is where provision is made for executive leeway. If Congress enables the President to use \$100 million for any purpose not circumscribed by statute, I respectfully submit that if we believe in the system of checks and balances, Congress has every right to insist that it be told first how the money will be used.

That is the check the amendment provides. I have tried to be exceedingly accommodating to my majority friends on the committee in regard to this matter. They know I think my amendment should be stronger, but I feel that if I can get consent to go this far, we may at least pay homage once again to a vital principle of constitutional government, namely, that a President should never have any unchecked power. Certainly there ought to be some semblance of a requirement for a check before the expenditure. This is legislation defining a certain program and authorizing an appropriation of money to carry it out. We ought to set a standard for the spending of it by the executive, or call on him for

an explanation of cases where no standard can be set.

As I said yesterday when I argued this point at greater length, I am not referring to President Dwight D. Eisenhower singularly; I am referring to Presidents of the United States for the years to come as I fight for this sound constitutional principle in the amendment, namely, the principle that a legislative body, the Congress of the United States, owes it to the American people to keep at the barest possible minimum the exercise of arbitrary, capricious, discretionary power on the part of any President in the use of the taxpayers' money. It is just that simple.

I say without any personal implications at all that I think the majority of the committee should accept my amendment, because my amendment does not reduce one iota the money available under the act. But it does put a prenotification check upon the President's use of \$100 million of undesignated funds.

There are some of us—I speak, for example, of the great constitutional lawyer who sits behind me in the Senate, the distinguished junior Senator from Wyoming [Mr. O'MAHONEY], and of the distinguished senior Senator from Louisiana [Mr. ELLENDER]—who share the same point of view. But how can the Senate justify being divided on the historic principle that unless a dire emergency really confronts the Nation in connection with a specific matter, the President should not be given unchecked power?

Two hundred fifty million dollars is a considerable sum of money over which to give the President complete discretionary power, without even requiring prenotification to Congress as to what he intends to do with it.

All I am doing is restoring \$150 million to purposes authorized, and saying that as to the remaining \$100 million, the President must give Congress prenotification of what he intends to do with it.

Do not forget what the Secretary of State said. The Secretary of State told us this year—as the Senator from Minnesota [Mr. HUMPHREY] knows very well, because we had a colloquy in a private conversation at the time of the hearing. That the President had pledged to keep in hourly contact with Congress. If that is the attitude of the administration, why are they not willing to accept in the bill—and this is the test—my check requiring prenotification?

Again, without reference to the present President, and without reference to any particular Presidents, I happen to think we owe this consideration to the office of the presidency. I do not believe we should support a bill which, in my judgment, does violence to our duty to protect and preserve the constitutional system of checks and balances, by putting any President into such a position—even though he may want to get himself into it—that any considerable number of American people can say, "I suspect that he wants to use these funds for purposes of which we would not approve, because he is not even willing to accept a procedure which would require prenotification to Congress."

Mr. President, I submit the amendment.

Mr. SALTONSTALL. Mr. President, as the acting minority leader, I yield 3 minutes to the Senator from Rhode Island.

Mr. GREEN. Mr. President, this amendment would reduce from \$250 million to \$100 million the amount of funds which the President is authorized to use under the act in any fiscal year without regard to certain requirements of the act if he determines that such a waiver is important to the security of the United States. The amendment would also require the President to give notice to certain committees of the Congress 15 days prior to exercising this waiver power.

The Mutual Security Act has for a number of years contained the authority which this amendment would sharply restrict. This special authority of the President has proved extremely important to the United States on a number of occasions, the most recent of which was the Hungarian revolt. Using this special authority, the President was able quickly and effectively to rush assistance to the Hungarian refugees. This is only one example of the uses to which this power has been put. Some of the other exercises of this power have been for purposes which have a high security classification and cannot be discussed on the floor.

I do not believe the President of the United States has abused the special authority which is his under the act. In my judgment, it would not be wise to limit this discretion now.

I point out that this amendment is not an amendment to reduce the amount of funds which may be appropriated under the bill. It would not save any money. It would merely restrict a special power of the President which has proved important to the security of the United States.

Mr. President, I urge the defeat of the amendment.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. GREEN. I yield.

Mr. MORSE. The Senator from Rhode Island has properly described my amendment, as I myself stated it. Does the Senator know of any expenditure in the past year which has cost more than \$100 million? With the funds which were available to him, the President had plenty of money to carry on the Hungarian relief program. If he had needed more money, the President could have got it quickly by asking for it. Does anyone think the Senate would not have voted to supply the President with more money for Hungarian relief?

The "emergency" argument is a sound one to the extent that there is not sufficient money in the emergency fund to carry out a program. If that be so, then Congress should be asked to supply more money. If the emergency program is a sound one, let the executive department ask for funds, and they will get them.

Mr. GREEN. The President found it very expedient to act quickly and to use already appropriated funds which might be used for that purpose.

Mr. HUMPHREY. Mr. President—

The PRESIDING OFFICER. The Senator from Texas is in charge of the time now available.

Mr. JOHNSON of Texas. Mr. President, I am prepared to yield 5 minutes to the Senator from Minnesota, if that will be sufficient. How much time does he wish to have?

Mr. HUMPHREY. I was waiting for the Senator from Missouri [Mr. SYMINGTON], in connection with a matter we wished to discuss. However, he is temporarily out of the Chamber.

At this time, I should like to have 3 minutes yielded to me.

Mr. JOHNSON of Texas. I yield 3 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 3 minutes.

Mr. HUMPHREY. Mr. President, I think it understandable that every Member of the Senate would wish to have provision made for the closest possible check upon the use of the funds. However, it is not unusual to trust the President of the United States—I speak now of the office of the President—with rather wide authority when it comes to national defense and national security matters.

The amount now under consideration is \$250 million, which was exactly the amount available for this purpose in 1957, and also, I believe, in 1956.

As has been indicated, this sum of money has not been spent without due consideration. Furthermore, as I understand, there has never been a time when a project has been undertaken under this program or this special assistance fund without prior notification to the committee.

Mr. GREEN. I believe that has been the case.

Mr. HUMPHREY. That has not been a requirement, but the executive has notified the committee; is that correct?

Mr. GREEN. Yes; that has been the practice.

Mr. HUMPHREY. Mr. President, the principle of executive use of special assistance funds is acceptable, as is shown by the fact that, under the provisions of the pending amendment, the President would be allowed to use as he sees fit \$100 million of the \$250 million. Consequently the question relates to the remaining \$150 million.

So the question is not one of principle; the principle is agreed upon. Instead, the pending question is simply whether we shall trust the President with \$250 million or with \$100 million.

In view of the world in which we live, I say that if the President is to be trusted with \$150 million, it would be prudent to trust him with the additional \$100 million. After all, the cost of living has gone up, and the operation with which we are dealing is an expensive one.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Oregon yield back the remainder of the time available to him?

Mr. MORSE. No, Mr. President; first, I wish to answer the Senator from Minnesota.

Mr. President, whenever my friend, the Senator from Minnesota, gets on the wrong side of an issue, I always like to reply to him.

His argument is that if we can trust the President with \$100 million, we can trust him with \$250 million.

Mr. President, I prefer not to give the President even \$100 million to use without prenotification.

All this assurance about notification is, in my judgment, a weak argument. If the President is going to keep in hourly contact with Congress, as the Secretary of State has said he will, it takes only about 20 minutes to travel from the White House to the Capitol; and if, the Congress is not in session, it takes not more than 24 hours to have Congress reassemble in session. Therefore, I am not very much impressed by the argument of emergency, as a justification for having the Congress relinquish the checking power upon the Chief Executive, no matter who he may be. Mr. President, that is the principle which is involved in this instance.

The Senator from Minnesota knows very well that I would prefer that the President not be given the \$100 million at all. But it seems to me that if he is given the \$100 million, the Congress will have given him enough to permit him to get started, until the Congress can provide more money, if in fact he does need more money. That is why this amount should be limited to \$100 million.

Mr. President, according to the argument of the Senator from Minnesota, if we are to give the President \$250 million, we could equally well give him \$2 billion.

However, I say that certainly \$100 million should be considered the maximum amount under any circumstances that we should give the President to use without any congressional check upon him by way of legislative standards.

For the reasons I stated in my previous remarks, we should also keep in mind something I would have my friend, the Senator from Minnesota, never forget; it is a very elementary principle of legal procedure. It is that if a procedure is subject to abuse, we should clean up the procedure in the first instance.

I wish to say that when we provide for more than the \$100 million, we greatly increase the possibilities and the temptations of abuse.

So, Mr. President, the question becomes one of whether we are satisfied that the amount we are allowing in the first instance is enough to let the President get started in handling an emergency. The Hungarian refugee problem has been referred to as an example. Mr. President, does anyone think that \$100 million was not enough to permit a start to be made in handling the Hungarian refugee problem? Does anyone believe that amount was not sufficient to permit the President to get started until Congress could provide more money?

It was said that perhaps the President had already used a part of the money; but if he had \$10 million left in the special fund, it would have been enough to get started with.

Mr. President, I have stated the checking principle upon the Executive of the country that I shall continue to insist on, so long as I am a Member of the Senate, in opposition to what I say most respectfully and seriously is one of the most dangerous trends today in American Government, namely, the trend to build up government by men, rather than government by law. We have an example of government by men whenever we give to any Government administrator an unchecked power.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MORSE. In a moment. I shall take just half a minute longer on my amendment.

If I understood the Senator from Minnesota, he also said, in the course of his argument, it is the practice to make, or that in practice reports are made in advance to the Foreign Relations Committee. If that be true, he ought to be over here with his arm around me, assuring me of his proposal to write it into the law. If the practice is good, let us make it a legal requirement. That is all my amendment does. I think it is a good practice, but I think it ought to be a legal requirement.

Mr. HUMPHREY. Mr. President, will the majority leader yield me 2 minutes? I know the majority leader is reluctant to do so, but he is a kindly man. [Laughter.]

Mr. JOHNSON of Texas. I yield the Senator 2 minutes.

Mr. HUMPHREY. What I have to say will hardly require 2 minutes. The Senator from Oregon has said it is perfectly all right to give the President \$100 million because he says so. The Senator from Minnesota says it is perfectly agreeable to give the President \$250 million because the committee says so. This is not an argument over principle; it is an argument over price; it is an argument over amount. We shall have to see whether or not the amount suggested by the Senator from Oregon, \$100 million, is the correct figure, or whether the committee's figure of \$250 million is the correct figure.

I want to make the record perfectly clear that the Senator from Oregon says it is fine and good to give the President \$100 million, with no controls. The Senator from Minnesota says, "Let us make it \$250 million," because this seems to be the combined judgment of a majority of the Foreign Relations Committee, plus the judgment of an overwhelming majority of the Senate in fiscal 1956 and 1957.

Finally, I should like to add this statement: The President of the United States is also elected. He is an elected official. Sometimes we in the Senate forget that. Every President we have ever had has been elected. The President is elected for 4 years, not 6. He may be even a little more sensitive to public opinion than we are. Furthermore, whether we like it or we do not—and I gather we do not—the President of the United States, whoever he may be, has a great deal more to say about

foreign policy and national defense than we do.

There are times when I do not agree with the President's policies, and I have been sharp in my criticism; but I must confess I have found little to criticize about the way in which the President has used his special fund. What I have criticized is the people the President has had to administer the program. I submit it is not the program that is wrong; it is the administration of the program that is wrong.

I have disagreed in this instance with the Senator from Oregon. I shall await his documentation to show why \$100 million, unfettered, uncontrolled, is better than \$250 million, because, I repeat, it is not a question of principle; it is a question of amount.

Mr. MORSE. One of the most stimulating men I know is the Senator from Minnesota. Even when he is wrong, he is very pleasant. I want to tell him there is a principle involved. Without any reference now to anything but the position of the presidency, let me say as a teetotaler some people can handle one cocktail, but a few more make them pretty drunk. I think it is one thing to allow \$100 million, but I think some Presidents could get very drunk with power if they were offered \$250 million.

I have already said I prefer prior approval for the expenditure of any money in any amount, but, as the Senator knows, I recognize that there is a necessity for legislative compromise. We have to try to iron out, on the anvil of discussion, a reasonable settlement of our principles. However, there is a pretty important principle involved, and that is whether or not we are going to give the President power by which he can proceed, without check by the Congress of the United States, to follow a course of action, by way of abuse of that power, which might endanger the welfare of this country abroad. That is the abuse I am seeking to prevent.

The President is elected, as the Senator from Minnesota has pointed out, but our constitutional fathers who provided for his election also provided for constitutional procedures of checking an elected President. That is the principle I am fighting for, Mr. President.

I want to say I do not think we can justify giving any President the amount of money the Senator from Minnesota is agreeing to give without the exercise of the prenotification check.

Mr. President, at this time, I yield 5 minutes to my good friend, the Senator from Illinois [Mr. DOUGLAS], who asked me to yield 5 minutes to him.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The Senator from Illinois is recognized for 5 minutes.

THE CIVIL-RIGHTS BILL

Mr. DOUGLAS. Mr. President, for myself and on behalf of Senators HUMPHREY, PASTORE, HENNINGS, MURRAY, GREEN, MORSE, NEELY, JACKSON, SYMINGTON, MCNAMARA, NEUBERGER, CARROLL, CHURCH, and CLARK, I wish to make the following statement:

It now seems evident that a civil-rights bill will be enacted by the other body. All of us who sincerely believe in, and have long fought for, the promotion and extension of civil rights in this country, cannot help but be gladdened by the prospect of this event. However, our joy is tempered by the knowledge that a civil-rights bill was passed by the other body in the last session of Congress, only to die for want of any action by the Senate of the United States. It is imperative that this sad page of history not be allowed to repeat itself at this session of the Congress. For this reason, it is hoped that the Judiciary Committee, which now and for so long has had civil-rights proposed legislation pending before it, will act promptly, so that the Members of the Senate will be given an opportunity to express themselves and, at long last, to vote on a civil-rights bill.

However, in order to insure the consideration and passage of a meaningful civil-rights bill at this session of the Congress, we stand ready to join with, and to cooperate fully with, any other Senator or any group of Senators on either side of the aisle, to retain a House-passed civil-rights bill (H. R. 6127) on the Senate calendar, so that Senators may have an opportunity to consider and express their judgment on that bill or on a Senate bill, or on either, as it may be amended after floor consideration.

We would prefer to act on the bill S. 83, which has been pending in the Senate Judiciary Committee since January 7, 1957, and we strongly recommend that it be reported out forthwith by the Committee. However, if this is not done before H. R. 6127 reaches the Senate, then we shall be compelled, under rule XIV, after the second reading of H. R. 6127, to object to further proceeding thereon so that it may go to the Senate calendar, to insure Senate consideration of this important legislation at this session.

We are taking this action because the passage of a meaningful civil-rights bill has been too long delayed and because we believe that such action is necessary if the rights, duties, and privileges of citizenship are to be guaranteed to all our citizens regardless of race, creed, or color.

Because of this belief, we therefore give notice at this time that when the civil rights bill, H. R. 6127, comes to the desk of the Presiding Officer of the Senate from the other body, and before any action to refer it or to dispose of it in any way occurs, we shall make certain parliamentary inquiries of the Presiding Officer of the Senate as to the rules of the Senate and his interpretations of those rules.

We give this notice in order that our rights as Senators of the United States, which under our rules and traditions are equal to those of all other Senators, will be fully protected.

Further, we announce that we shall not give unanimous consent to any motion to refer the House-passed civil rights bill to any committee, and before such motion is made, or such action to refer is taken, we request that we be notified that the bill is to be laid before

the Senate for a first or second reading or for referral, so that we may be in our places and prepared to propound certain parliamentary questions or to make certain motions.

Specifically, we wish to draw this notice to the attention of the Vice President, the Majority Leader, the Minority Leader, the Whips on both sides of the aisle, and to the Parliamentarian, and to whoever may be in the Presiding Officer's chair when H. R. 6127 arrives at the desk.

We are certain that, having given this notice, the leadership of the Senate will insure that our rights, as well as the rights of all other Senators, will be fully protected.

Mr. JAVITS subsequently said. Mr. President, I take 1 minute only to associate myself with the statement made by the Senator from Illinois, which I think goes to the heart of the effort to get civil rights legislation in this session of Congress. He has extended an invitation for others to join with him, and I accept that invitation. I hope others will, also.

ORDERS FOR THE SENATE TO CON- VENE AT 11 A. M. ON MONDAY, AND FOR CONSIDERATION OF THE ATOMIC ENERGY TREATY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate convenes on Monday, it convene at 11 a. m., for the purpose of considering the atomic energy treaty, and that it remain the pending business until disposed of.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Without objection, it is so ordered.

MUTUAL SECURITY ACT OF 1957

The Senate resumed the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. MORSE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the majority leader yield back his remaining time?

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr.

ERVIN], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from West Virginia [Mr. NEELY], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH], are absent on official business. On this vote the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from North Carolina would vote "yea" and the Senator from West Virginia would vote "nay."

I further announce that if present and voting, the Senator from Florida [Mr. SMATHERS] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. LANGER], and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Maryland [Mr. BUTLER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Michigan [Mr. POTTER] are necessarily absent.

If present and voting, the Senator from Maine [Mr. PAYNE] would vote "nay."

On this vote, the Senator from North Dakota [Mr. LANGER] is paired with the Senator from Michigan [Mr. POTTER]. If present and voting, the Senator from North Dakota would vote "yea," and the Senator from Michigan would vote "nay."

The result was announced—yeas 22, nays 61, as follows:

YEAS—22

Anderson	Jenner	O'Mahoney
Bible	Johnston, S. C.	Robertson
Byrd	Kerr	Russell
Chavez	Long	Talmadge
Eastland	Magnuson	Thurmond
Ellender	Malone	Young
Frear	Morse	
Gore	Murray	

NAYS—61

Aiken	Fulbright	McNamara
Allott	Green	Morton
Barrett	Hayden	Mundt
Beall	Hennings	Neuberger
Bennett	Hickenlooper	Pastore
Bricker	Hill	Purtell
Bush	Holland	Revercomb
Capehart	Hruska	Saltonstall
Carlson	Humphrey	Schoeppel
Carroll	Ives	Scott
Case, N. J.	Jackson	Smith, Maine
Case, S. Dak.	Javits	Smith, N. J.
Church	Johnson, Tex.	Sparkman
Clark	Kefauver	Stennis
Cooper	Kennedy	Symington
Cotton	Knowland	Thye
Curtis	Kuchel	Watkins
Dirksen	Lausche	Wiley
Douglas	Mansfield	Williams
Dworshak	Martin, Iowa	
Flanders	Martin, Pa.	

NOT VOTING—12

Bridges	Langer	Payne
Butler	McClellan	Potter
Ervin	Monroney	Smathers
Goldwater	Neely	Yarborough

So Mr. MORSE's amendment was rejected.

Mr. GORE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER (Mr. PASTORE in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 30, line 13, after the period, it is proposed to insert the following:

Loans shall be made from the fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment.

Mr. GORE. Mr. President, in order that the Senate may understand the amendment, I take the privilege of reading it. I propose to add a new sentence on page 30, after period in line 13:

Loans shall be made from the fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment.

I support the movement from a grant program to a loan program, but I should like to have the assurance of this amendment written into the law, that the program will be administered as a loan program rather than as a grant program.

I find in four places in the report of the committee references indicating that this program will be a loan program, but I do not find the requirement in the bill. For example, on page 11, about the middle of the page, I find the following language in the report:

The fund will operate on the basis of firm commitments to repay all loans either in dollars or other currencies.

I will not burden the Senate by citing the other instances in the report in which this principle is spelled out. I hope the committee will accept the amendment, because it would place in the bill provisions which the report describes as the purpose and intent of the bill.

Mr. GREEN. Mr. President, I am happy to join the junior Senator from Tennessee in support of this amendment.

To answer the question some Senators have raised, it would make clear that this is to be a true loan fund, and that it cannot be used for loans in cases in which eventual repayment cannot be expected, which would only be disguised grants.

Under the terms of this amendment, when the fund made a loan the borrower would have to undertake a firm commitment to make repayment, and at that time a finding would have to be made that there were reasonable prospects that the borrower would live up to such commitment.

As Senators know, the President is authorized to determine the terms and conditions of repayment. I am sure the Senator has in mind, as I do, that the development loan fund would be used to make loans involving greater risks than those which would be financed by the Export-Import Bank, the World Bank, and private investment capital. That lies at the very heart of the concept of this fund. It is intended that it shall be used to make loans which other sources would not make, so that the fund would not compete with those other sources, but rather would supplement them.

The proposed finding referred to in the amendment would, of course, take into account the basic idea that loans from the fund would involve greater risks than those assumed by other finan-

cial institutions. Also I am sure that the proposed findings would recognize that the fund's expectation of repayment would generally be based upon the country's overall prospects of long-range development which would produce resources from which repayment would be made, rather than on the revenue prospects of the particular projects involved.

The amendment is consistent with the attitude of the Committee on Foreign Relations in its treatment of the development fund. I have consulted with various committee members, but not all of them. In my capacity as chairman, I am willing to accept the amendment.

Mr. GORE. I thank the Senator.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. KENNEDY. I am interested in the Senator's amendment. It deals with an important element in the bill. I hope no Senator will vote for this loan program—and I am in support of it—with any firm conviction that the money will be paid back in dollars. If the country in question has dollars, under the provisions of the bill, it is more likely that it will turn to private sources, or to the World Bank. The fund comes third on the list of the sources which should be used. So it is rather doubtful if borrowers will turn to this fund unless their dollar balance is in stress, and there is a prospect that they could pay back only partly in dollars and partly in local currency. Then we should be faced with the question of what we could do with the local currency.

The Senator from Arkansas considers the desirability of having excellent administration. He was very strong in his support of former Ambassador Dillon. I agree with him. I think the program will have difficult days before it becomes a vital part of our foreign policy. Unless the administration of the program is one in which all of us can have confidence, the administrator will be exposed to charges of not fulfilling the purpose of Congress.

I do not anticipate that it will be possible for the administrator of the loan fund always to be paid back in dollars. For that reason, I think the fund will become depleted as time goes on, and that it will not be a revolving fund, as the World Bank fund is.

Even realizing that, I am in support of the bill and in support of the Senator's amendment.

Mr. GORE. I thank the able junior Senator from Massachusetts. My amendment does not change the concept of the bill as to the manner of repayment. That will be left untouched. The amendment does write into the bill the intent spelled out in the committee report, but omitted from the bill.

It is particularly important that this amendment be written into the bill because, if Senators will read the additional sentence in the paragraph in the middle of page 11, of the report, they will find:

Advances for this purpose may be made to private individuals and entities, quasi-public organizations, governments, and regional and international organizations.

If we are to undertake a program by which we authorize our Government to

use a revolving fund from which to make loans even to private individuals and entities, then I think we should write into the bill the requirement that loans from the fund be made only after there is a finding that there is a reasonable prospect of repayment and assurances of repayment.

I appreciate the support of the distinguished junior Senator from Massachusetts. I concur in his statement. I appreciate the acceptance of the amendment.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUSH. Does the Senator's amendment contemplate that loans under this provision must be repayable in dollars?

Mr. GORE. It does not.

Mr. BUSH. It does not?

Mr. GORE. No.

Mr. MANSFIELD. Mr. President, I am prepared to yield back the remainder of my time, if the Senator from Tennessee is disposed to do likewise.

Mr. GORE. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time has been yielded back. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. GORE].

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I would not impose myself upon the Senate at this late hour, except for the deep conviction that, unless we take prompt action to keep Congress advised in all respects about the programs and steps which are taken for the expenditure of the people's funds, we are in danger of losing the battle in which we are engaged for the preservation of free government.

I therefore call up my amendment 6-11-57-A.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 47, line 23, before the period it is proposed to insert a semicolon and the following:

And at the end thereof insert the following: "The Secretary of State shall keep the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Appropriations of the Senate and House of Representatives fully and currently informed with respect to all activities of the Department of State or any agency thereof under this act. The Secretary of Defense shall keep such committees and the Committees on Armed Services of the Senate and House of Representatives fully and currently informed with respect to all activities of the Department of Defense under this act. Any Government agency shall furnish any information requested by any such committee with respect to the activities and responsibilities of that agency under this act and it shall be the duty of any officer or employee of the Government having information relating to programs being administered under this act to furnish promptly to such committee or committees, upon request by any such committees, full information with respect to such activities and responsibilities."

Mr. O'MAHONEY. In order to expedite action on the amendment, I now ask for the yeas and nays.

The yeas and nays were ordered.

Mr. O'MAHONEY. I thank Senators for granting the yeas and nays. I yield myself 15 minutes.

Mr. President, an examination of the bill reveals that while it provides in various places for reports to Congress, it does so in language that makes it clear that reports will be made after the fact, instead of before the fact. The best illustration of this is to be found in the provision of the measure dealing with military aid to Yugoslavia.

When the proposal was made, at the time the mutual security bill was before Congress a year ago, opposition was raised to any sort of aid to Communist Yugoslavia. I felt at that time that if the interest of the United States required such aid, and Communist Yugoslavia was not a part of the Communist conspiracy, the President should be permitted to report to Congress. The amendment which I offered was adopted. I shall read it. It is section 143, and will be found on page 39 of the committee report. It is near the bottom of page 39, and reads as follows:

SEC. 143. Notwithstanding any other provision of law, no assistance under this title or any other title of this act, or under any provision of law repealed by section 542 (a) of this act, shall be furnished to Yugoslavia after the expiration of 90 days following the date of the enactment of this section, unless the President finds and so reports to the Congress, with his reasons therefor, (1) that there has been no change in the Yugoslavian policies on the basis of which assistance under this act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this act.

The amendment was warmly received and adopted by the Senate at that time. However, the bill sent to Congress this year, and introduced by request by the distinguished Senator from Rhode Island [Mr. GREEN] and the distinguished Senator from Wisconsin [Mr. WILEY], provided for the repeal of section 143. I am happy to note that the Committee on Foreign Relations was unwilling to repeal it. However, it is reported to the Senate as a substitute, which has been carefully drawn to eliminate prior report to Congress. Let me read it. It is section 143 and reads as follows:

SEC. 143. Assistance to Yugoslavia: In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House of Representatives, and the Appropriations Committees of the Senate and of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act.

Senators will note that the word "furnished" is in the past tense, making it clear that the purpose of the amendment is to advise Congress only after the act has been taken.

That is not the sort of information the legislative body of a free government should require.

The great contest that is going on in the world is a contest between free government and totalitarian government, headed by managerial officials of one kind or another. Sometimes they are Communist and sometimes they are Fascist, but they conceive that they, and they alone, are competent to deal with what the people ought to take. In our Government, the sole legislative authority is the Congress of the people. When we, in the interest of national defense and in the interest of economic aid to nations of the world, are granting broad powers for the expenditure of moneys of the people, we ought to be careful that we know in advance what is being done.

Let me give another illustration of how the reports to Congress are reports after the fact. On page 31 of the bill, in section 202 (b), beginning at the bottom of page 30, I find these words:

Guaranties under this subsection shall be subject to the provisions of section 413 (b) (4), except subparagraph (F) thereof. The administrator of the fund shall furnish to the Foreign Relations Committee of the Senate and to the Foreign Affairs Committee of the House of Representatives a report on each financing operation or transaction involving more than \$10 million of the Fund's assets and involving an activity requiring longer than 1 year to complete. Such report shall be made at the time such financing operation or transaction is consummated.

I emphasize the last sentence:

Such report shall be made at the time such financing operation or transaction is consummated.

There is no requirement for a report on any transaction involving less than \$10 million, or, indeed, strictly speaking, involving \$10 million. The language is "more than \$10 million." So the administrator of the fund, in the language of the bill, is free to make commitments for any number of operations and transactions for \$10 million or less, without making the slightest report hereafter to Congress.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a question?

Mr. O'MAHONEY. I yield.

Mr. CASE of South Dakota. I should like to ask the distinguished Senator from Wyoming if the final sentence of the amendment which he has offered would permit the President or a member of the executive branch to plead privilege in case the information sought were of such a nature that, in the judgment of the President, it would impair the security of the United States. Certainly it must be recognized that in the administration of the act the President and the ICA will be dealing with many sensitive matters. I was wondering what interpretation the Senator would put upon that language.

Mr. O'MAHONEY. I am certain that no committee of Congress, either of this body or of the House of Representatives,

would wish to make any disclosure of any really sensitive material. I think that if the President of the United States should claim the executive privilege with respect to the expenditure of the funds which are delegated to him, the committee would never raise a question at all. But the sad fact is—and the bill proves—that while we grant the authority to the President, the bill contains language which puts the spending authority really in the hands of underlings of the Executive.

Such officials, my belief is, are the ones who are required to come before the committees and answer questions. If they are dealing with a sensitive matter, a classified matter, one which would involve the security of the United States, and the President said so, there would be no difficulty at all under this language. But the sad fact is that the claim of Executive privilege has been greatly expanded in recent years.

Mr. CASE of South Dakota. The junior Senator from South Dakota is perfectly sympathetic to the purpose of the amendment, with respect to such information as Congress might desire with respect to the activities and the responsibilities of any agency under the act. I think the statement of the Senator from Wyoming perhaps provides assurance as a part of the legislative story in the consideration of the amendment.

Mr. WILEY. I think it does. It was intended to do so.

Mr. CASE of South Dakota. I should like to read the final sentence of the amendment and then have the Senator from Wyoming elaborate upon the statement, if he cares to do so. The amendment proposes, in the final sentence, this requirement:

Any Government agency shall furnish any information requested by any such committee with respect to the activities and responsibilities of that agency under this act and it shall be the duty of any officer or employee of the Government having information relating to programs being administered under this act to furnish promptly to such committee or committees, upon request by any such committees, full information with respect to such activities and responsibilities.

Having read that sentence, I ask the Senator from Wyoming, the sponsor of the amendment, this direct question: Would that language, in the Senator's judgment and in his interpretation, constitute a waiver of Executive privilege, when the bill has been passed by Congress and signed by the President?

Mr. O'MAHONEY. It would constitute a waiver of Executive privilege by any subordinate of the President, unless the President himself exercised his privilege.

Mr. CASE of South Dakota. But if the President exercised the privilege, then the subordinate or the employee of the agency could cite it.

Mr. O'MAHONEY. It is generally agreed that the President has the constitutional right, in matters of foreign relations, to decline to give out information when he believes that such information would impair the national security. I am not dealing with that matter at all. A statute could not overrule a constitutional right.

But where, as we know in this case, the power that we grant to the President must be exercised by subordinate officials who never see the President, then I want to be certain that the executive privilege is not extended to such persons.

There were examples before the Committee on Government Operations last year. The distinguished Senator from Arkansas [Mr. McCLELLAN], who is a cosponsor of the amendment, related some of those facts. There was a program to expend a large amount of money for the construction of a wheat warehouse in the country of Pakistan. Competitive bids were sought. They were received, but they were rejected. Even the best bid was rejected.

Mr. CASE of South Dakota. The Senator from South Dakota remembers the incident.

Mr. O'MAHONEY. The Senator recalls that incident.

Mr. CASE of South Dakota. Yes, I do.

Mr. O'MAHONEY. Before the information was secured, which prevented the expenditure of that fund, it became necessary for the committee to summon before it the chief official.

Mr. CASE of South Dakota. I think the record now is clear, but I want to shorten the question, and then I shall ask the Senator from Wyoming to comment on it. Then I think we will have solved the problem. Does the Senator think that when the bill is passed and is signed by the President, the signing of the bill by the President will constitute a waiver by him of his right to voice and claim executive privilege with respect to the matters in the act?

Mr. O'MAHONEY. I do not think it would constitute a waiver of the President's executive privilege; no.

Mr. CASE of South Dakota. Even though he signs the bill?

Mr. O'MAHONEY. Even though he signs the bill.

Mr. CASE of South Dakota. I thank the Senator.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. The Senator from Wyoming recalls that we had a colloquy last evening about this very amendment. At that time it was the contention of the Senator from Minnesota that Congress could not pass legislation which would compel the President to divulge information which he felt, under his constitutional right as President of the United States, he did not need to divulge. I read from page 8063 of the RECORD of June 13, 1957, as follows:

Mr. HUMPHREY. I did not say that at all. I said we cannot pass legislation here which would compel the President to divulge information that he feels under his constitutional right as President of the United States he does not need to divulge. We can pass legislation which says, "The only way, Mr. President, you can carry out this program is to do as we say in terms of reports." And the President will have to either sign it or reject it.

My feeling was that the language in the sentence to which the Senator from South Dakota made particular refer-

ence is a language which, if left in the bill as now written, or in the amendment as now written, might very well compel the President, after he seeks legal advice from the Department of Justice, to have to veto this measure, because I am afraid it goes further than the intent of the Senator from Wyoming, since the bill is written to place all these funds under the jurisdiction of the President.

I say to the Senator from Wyoming that it is true—and I concur fully with his observation—that the funds will not be spent directly by the President, but will be spent by agents of the President who are responsible to him. For example, the President appoints the Director of the loan development fund, and the nomination of the Director must be confirmed by the Senate. It is a Presidential appointment, and the appointee is subject to removal by the President. The President also appoints the ICA Director, who is in full charge of the program. That appointment is likewise subject to confirmation by the Senate, and the appointee is subject to removal by the President.

Mr. O'MAHONEY. Mr. President, I invite the attention of the Senator from Minnesota to the language dealing with southeast Asia, appearing on page 28, beginning in line 16, as follows:

The President or such officer as he may designate shall report each instance of such waiver—

The waiver is explained a little before that—in line 14—by the words—

The President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this act.

Those words are followed by the sentence I began to read, which in full is as follows:

The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within 30 days.

My point is that this information should be obtained before the act; and there is here a clear indication of the delegation to a subordinate by the President; and those subordinates do act.

Mr. HUMPHREY. I fully concur.

Mr. O'MAHONEY. Again I say, as I said to the Senator from South Dakota, that a statutory provision cannot waive the constitutional power of the President. But I am speaking of the constitutional power of the President, not the constitutional power of subordinates, because there is no such power.

Mr. HUMPHREY. Mr. President, will the Senator from Wyoming yield.

Mr. O'MAHONEY. I yield.

Mr. HUMPHREY. I agree with the Senator's analysis. The agents act in the name of the President. But this is what causes me some concern. I wish to say that I am very sympathetic with the objectives of the amendment, and basically I believe that the purpose of the amendment is covered by the proposed legislation as now prepared, but

perhaps not as specifically as we need to have it covered.

Mr. O'MAHONEY. That is exactly the case.

Mr. HUMPHREY. Therefore, I am trying to work with the Senator from Wyoming, in hopes that we can arrive at language which, at least from my point of view, I can support wholeheartedly.

I wonder whether the Senator will refer to the language on page 1 of his amendment, in line 7, where the amendment directs the Secretary of State to keep these committees informed. The amendment uses the words "fully and currently informed."

It appears to me that if the words "fully" were included, but if the words "and currently" were deleted, that would be helpful. The directive is that the committees must be kept fully informed. But to be kept currently informed might imply almost a day-to-day type of reporting, which I believe would impair the administration of foreign policy.

Mr. O'MAHONEY. But we have a precedent which I believe should relieve the Senator from Minnesota from his doubt. The language to which he is referring relates back to the precise language of the Atomic Energy Act. When Congress was passing that measure, Congress was dealing with a great, new natural power, the destructive quality of which Congress was not fully informed about. But in the present case we are dealing with the expenditure of the people's money all over the globe, and in many ways which the President is utterly unable to supervise.

Let us consider, for example, the language on page 30, at the beginning of paragraph (b) of section 202, as follows:

(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons—

That means individuals—
or other entities.

What sort of an entity is meant? This language is so broad that it places the entire revolving fund created for economic aid—and I am strong for economic aid, rather than the furnishing of military equipment to be used for the destruction of life—in such a position that it is subject to loose expenditure. When we are dealing with a measure of this sort, we should be able to protect the people of the United States from the loose expenditure of the billions of dollars which in this measure are authorized for appropriation.

Mr. HUMPHREY. Mr. President, I wish to say that every Member of the Senate is deeply indebted to the Senator from Wyoming for his diligence in having adequate checks placed upon any officer of the Government who is authorized to spend large sums of money; and it is important that such checks be provided in the pending bill.

Mr. O'MAHONEY. I am confident that if the amendment is adopted by the

Senate and is placed in the searchlight of the conference, the necessity for such an amendment will be recognized; and if in conference a change is desired, it can be worked out there.

The important thing is to make sure that the Congress of the United States, which is the custodian of the money of the people, shall not be deprived of a prior look at the projects which are to be adopted.

Mr. HUMPHREY. Mr. President, will the Senator from Wyoming yield, to permit me to make a final observation and to ask a question? I know that other Senators wish to interrogate him.

Mr. O'MAHONEY. I am glad to yield.

Mr. HUMPHREY. I feel most sincerely that if the sentence on page 2 of the amendment, in line 4, to which the junior Senator from South Dakota [Mr. CASE] referred, could be modified or deleted or in some way clarified by language included in the amendment, so as not to impinge upon what I believe to be prerogatives of the executive—which Senators should guard just as zealously as they guard their own congressional prerogatives—then I would be in accord with the amendment.

I know the State Department feels that the language about keeping the Congress "fully and currently informed" may lead to some troubles in administration. But I doubt that; I am convinced that the congressional committees would not ask for undue activities on the part of the State Department, but would ask only for proper reporting.

However, I am concerned about this matter from the constitutional point of view. Every Senator has his own viewpoint regarding what is a constitutional question.

Mr. O'MAHONEY. I am very happy that the Senator from South Dakota and the Senator from Minnesota have pursued this matter. I think we are making a valuable legislative history in regard to construing the meaning of the language; and inasmuch as the amendment has been supported, I think the RECORD contains ample evidence of the fact that the amendment is needed.

Let us consider, for example, the language on page 36, beginning in line 24; it is part of section 206. I now read the sentence beginning at that point:

If the administrator of the fund follows a course contrary to the advice of a majority of the committee—

And of course that is the Advisory Committee, which is established by the language on page 36, in lines 7 to 18—with respect to any such subject, he shall furnish to the committee and to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a statement of his reasons for doing so.

There again it is after the fact, because if it were intended to be before the fact, the words "before acting" would be inserted on line 2, after the word "shall." That would make it certain that it was before the fact, but as it is written, it is after the fact. That is why it is necessary for us to protect the power of Congress with respect to subordinates.

In the case to which I started to refer, and which the Senator from South Dakota [Mr. CASE] said he recalled vividly, the President was not vaguely connected with the matter. It was all under the control of one of his subordinates, and that subordinate, having ordered rejection of the bids, then ordered that the contract be awarded to one of the low bidders, a corporation which had not been in business as much as a year. That is obviously not in the public interest, and it is so obvious that when finally the Committee on Government Operations was able to get that officer before it, the committee got the information and stopped the deal. We have made a legislative record.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. O'MAHONEY. May I ask the Presiding Officer how much time I have left?

The PRESIDING OFFICER (Mr. PASSTORE in the chair). The Senator has 30 minutes remaining.

Mr. O'MAHONEY. I yield myself sufficient time to answer the Senator from Indiana.

Mr. CAPEHART. My question is this: Why is there any more reason to have this language in the bill than to have similar language in the Export-Import Bank Act, under which the Export-Import Bank loans literally billions upon billions of dollars, or in the International Bank Act, or in the Housing Act, or in the Defense Department appropriation bill, because the Defense Department spends literally billions upon billions of dollars?

Mr. O'MAHONEY. Because none of those agencies could refuse a request.

Mr. CAPEHART. Or the old ICA Act, under which we are working at the moment. My question is, Why is it necessary to have this language in the pending measure when it is not in all those other acts?

Mr. O'MAHONEY. Because the President is not acting in the other cases.

Mr. CAPEHART. I do not understand what the Senator means.

Mr. O'MAHONEY. We are dealing here with foreign relations under the direction of the State Department. We are making authorizations for expenditure by the President, but we know there is not time enough in a month for the President to give any attention to any part of the transactions.

Mr. CAPEHART. Is not the Senator now being technical, because all appropriations, regardless of what they are for, are under the direct responsibility and supervision of the President of the United States?

Mr. O'MAHONEY. Not at all.

Mr. CAPEHART. How long has that been going on?

Mr. O'MAHONEY. Since the very beginning of the Government, when the constitutional fathers wrote into the Constitution that no money could be expended from the Treasury except by an appropriation of Congress. Congress has the power of the purse, and the minute we lose the power of the purse we shall lose free government and sacrifice the authority of the people.

Mr. CAPEHART. My point is: Why is it so important to write this sort of language in the bill before the Senate when we have never done it before?

Mr. O'MAHONEY. Because we now are at the point where the Treasury of the United States is finding itself unable to borrow money without paying high interest rates. We are now at the point where we know that the bonds of the United States have sunk away below par. The Second Liberty Loan Bonds on the market today are not quoted at more than 88. That is the reason. Because, while other governments are using our appropriations to pay their debts, we are appropriating money to increase our debt.

Mr. CAPEHART. The able Senator does not want us to believe that the Congress is going to pass on every individual loan and every individual transaction, does he?

Mr. O'MAHONEY. Of course not. The amendment does not so provide.

Mr. CAPEHART. The amendment provides that Congress can call before it any disgruntled employee of the executive department, who will be able to say whatever he pleases; and we shall no longer have orderly government.

Mr. O'MAHONEY. The Senator is not talking seriously.

Mr. CAPEHART. Yes; I am very serious.

Mr. O'MAHONEY. The Senator from Arkansas desired to ask me a question.

Mr. CAPEHART. I am talking very seriously.

Mr. O'MAHONEY. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I have 2 or 3 questions. I wonder why the Senator from Wyoming did not submit the amendment to the committee, so the committee could have some idea how much the adoption of the proposal would cost, and how much of an additional staff would be required.

Mr. O'MAHONEY. I wanted to do it, but time passes on so rapidly. I am a member of the Judiciary Committee, I am a member of the Joint Economic Committee, I am a member of the Interior and Insular Affairs Committee. I was busy day and night with tasks assigned to me by those three committees, and I did not have time. I was disappointed when I found the report had been submitted by the committee last week, instead of this week. I thought I would have ample time to appear before the committee. I have appeared before the Foreign Relations Committee, as the Senator well knows, when he and I were in agreement.

Mr. FULBRIGHT. Has the Senator had any estimate made of how many additional staff members would be necessary if there were a requirement to file current reports of such activities? Does not the Senator know it would require an enormous number of people?

Mr. O'MAHONEY. Is the Senator making an argument for the maintenance of executive secretary?

Mr. FULBRIGHT. No.

Mr. O'MAHONEY. That is what it amounts to.

Mr. FULBRIGHT. We have been functioning for a number of years without this particular amendment.

Mr. O'MAHONEY. And a lot of money has been expended, and many proponents of the bill have acknowledged on the floor during the debate that there has been waste and extravagance—necessarily so. I am seeking to protect against the unnecessary expenditure of Government funds.

Mr. FULBRIGHT. We are coming to the point now. I do not wish to stand here and say the administration is without fault. As a matter of fact I have often said it has been. Unfortunately, under our system, we have an executive and a legislative branch—

Mr. O'MAHONEY. "Unfortunately," does the Senator say?

Mr. FULBRIGHT. Because the Senator feels disappointment—

Mr. O'MAHONEY. Does the Senator say "unfortunately"? If he does, he answers my case.

Mr. FULBRIGHT. If the Senator does not want me to ask questions, I shall not do so, but shall speak on my own time.

Mr. O'MAHONEY. When the Senator says it is unfortunate that we have a legislative and an executive branch, I want to know what he means. It is not unfortunate. It is a free government.

Mr. FULBRIGHT. Of course, as the Senator well knows, I did not mean it is unfortunate that we have a legislative and executive branch. What I started to say was that under our system of Government the very fact that we have a legislative and executive branch necessitates that one branch must, occasionally, accord to the other branch a certain degree of trust. If the amendment of the Senator from Wyoming means anything, it means that he is not satisfied with the way the executive branch is administering the law, and he wants the legislative branch to take over that function by requiring full and current reports, why does the Senator want that if it is not to assume the responsibility which is in the executive? If we are to be fully informed, then I suppose we should take the responsibility of administering the law day by day. It is a wholly unworkable approach to this problem.

Mr. O'MAHONEY. I do not agree with what the Senator concludes at all, because the same language is in the Atomic Energy Act, and it has not resulted in any day-to-day assumption by the Congress of the functions of the Atomic Energy Commission.

Mr. FULBRIGHT. This provision is not restricted to any one agency. It is practically the whole Government the Senator wishes to have brought up here.

Mr. O'MAHONEY. The Senator knows it is restricted to those carrying a responsibility under this bill.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Oregon.

Mr. MORSE. Is it not true that the Export-Import Bank was established under very detailed legislation, setting forth a great many legislative standards, controls, and regulations, whereas the

proposal in this bill does not begin to provide the kind of checks we have on the Export-Import Bank.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. President, there are innumerable quotations from the bill which I could read to prove my point that the Congress should retain its power to know what is being done with the people's money. That is all I ask.

For almost 50 years we have been watching the Congress delegate away its powers to the Executive. We did it after the "crash," when we first appropriated some \$3 billion to repair some of the damage caused by the depression in 1933. There was a grant of legislative power to the Executive, there is no doubt about it. It was exercised. But this practice is becoming so habitual now that we are bound to lose our legislative power. We are sacrificing the great distinction between our Government and every other government on earth, except perhaps the British Government. We have a legislative power that is still dominant. We do not have managerial government. But we are drifting into it.

Mr. President, I reserve the remainder of my time.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. O'MAHONEY. I yield to the Senator from Ohio.

Mr. LAUSCHE. If the amendment offered by the Senator from Wyoming should be adopted, would the Senator be so kind as to describe to me what the procedure would be, what the Senate and the House committees would do after the reports were filed, and why this procedure is suggested?

Mr. O'MAHONEY. The point is this, I will say to the Senator from Ohio: the Committee on Government Operations would be assured that when it called any officer or employee to testify with respect to a fact, the answer would be promptly given without reluctance. The Department of State says in its letter that it is willing to cooperate with the Congress. It says it comes down and tells these things. But the provisions of this bill, which I have read clearly call for reports only after the act has taken place.

Mr. SALTONSTALL. Mr. President, as the acting minority leader I yield 5 minutes to the distinguished chairman of the committee, the Senator from Rhode Island [Mr. GREEN].

Mr. GREEN. I thank the Senator.

Mr. President, I should like to make a few comments about this proposed amendment.

This amendment would require any executive branch official to furnish, on request, any information, whether documents or testimony, desired by any committee of Congress as to any mutual-security activity or responsibility.

This amendment in substantially the same form was offered during floor debate on the mutual-security program authorization bill last year, was thoroughly debated, and was rejected by a vote of 58 to 23.

I hope we will be faithful to the action taken by our predecessors, and do as well as they did.

This amendment raises a delicate question of the constitutional relations between the Congress and the President. It would set an important precedent on a problem not peculiar to the mutual security program. It should be debated on its merits in a general bill and not be dealt with as a rider to a mutual-security bill.

The amendment is not necessary. The Committee on Foreign Relations and the Committee on Appropriations have always been able to get all the information they need about mutual-security programs. Moreover, if the matter is important enough the Congress can always get the information it wants from the Executive by denying appropriations to the Executive. This kind of action, however, should be taken by the Congress and not by a single committee of Congress.

It is doubtful whether the amendment is constitutional. Our Government is one of separated powers. The Congress should be jealous of its power, but it should also jealously guard the power of the President. A committee of Congress is not the Congress, and should not act as if it were the Congress. The Congress may ask the President to report to the Congress, but a committee of Congress should not ask the President to report to it.

The amendment is very broad in its scope. It applies not only to documents, but directs that no oral testimony shall be withheld from a committee. Any information asked for by a committee of Congress must be furnished. It does not matter whether the information is unclassified or top secret; whether it is a conversation between the President and the Secretary of State or whether it is a conversation between two janitors; or whether a document consists of preliminary notes or whether it is a final document—all must be handed over at the demand of a committee, whether the disclosure of the information would injure the national security or not.

For all these reasons, Mr. President, it seems to me that the amendment should not prevail.

Mr. SALTONSTALL. Mr. President, I yield myself 2 minutes.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter dated June 13, 1957, from the Director of the International Cooperation Administration, Mr. John B. Hollister, addressed to the chairman of the Committee on Foreign Relations, the Senator from Rhode Island [Mr. GREEN].

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERNATIONAL COOPERATION
ADMINISTRATION,
Washington, D. C., June 13, 1957.

HON. THEODORE F. GREEN,
Chairman, Committee on Foreign
Relations, United States Senate,
Washington, D. C.

DEAR MR. CHAIRMAN: This is in reply to the letter of June 12 from Mr. Marcy of your staff requesting our comments on the amendment which Senator O'MAHONEY plans to propose during floor debate on S. 2130. That amendment would add at the end of section 534 of the Mutual Security Act of

1954, as amended, the following new language:

"The Secretary of State shall keep the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Appropriations of the Senate and House of Representatives fully and currently informed with respect to all activities of the Department of State or any agency thereof under this act. The Secretary of Defense shall keep such committees and the Committees on Armed Services of the Senate and House of Representatives fully and currently informed with respect to all activities of the Department of Defense under this act. Any Government agency shall furnish any information requested by any such committee with respect to the activities and responsibilities of that agency under this act and it shall be the duty of any officer or employee of the Government having information relating to programs being administered under this act to furnish promptly to such committee or committees, upon request by any such committees, full information with respect to such activities and responsibilities."

1. The first two sentences of this new language would require that the designated committees be "fully and constantly informed" with respect to "all activities" under the Mutual Security Act of 1954, as amended. We oppose such a requirement as unnecessary and inadvisable.

We fully agree on the vital importance of keeping Congress fully informed with respect to the mutual security program. We believe the present arrangements and requirements for informing Congress with respect to the mutual security program amply serve that purpose. Each year the executive branch makes a full presentation on this program to the Senate Foreign Relations Committee and to several other committees. This presentation includes the submission of extensive written materials with respect to the program, as well as the personal testimony of numerous witnesses from the executive branch. The content of these presentations is determined in consultation with representatives of the various committees before which we appear. So far as I know, we have included in these presentations all of the information the committees have requested us to submit, including classified information.

In addition to this annual presentation to the Congress, we submit to the Congress semiannually, as required by section 534 of the Mutual Security Act, reports covering each 6 months of operations under this act. These reports include detailed information on the implementation of several sections. Also, as required by section 513 of the act, we specifically inform the Congress of all substantial changes from the illustrative programs submitted during the annual presentations to Congress, and report each action taken under specified sections of the act.

And beyond these regular procedures for informing and reporting to the Congress, we furnish additional information in response to the frequent requests we receive from congressional committees and from individual Members of the Congress.

In light of these existing requirements and arrangements for furnishing information to Congress, we do not believe the first two sentences of the O'Mahoney amendment would serve any useful purpose.

Furthermore, it is not clear what those two sections require. Read literally, they could require extensive daily or weekly reports to the congressional committees on every minute detail of operations in some 65 countries under the mutual security program. This would patently impose an impossible administrative burden on executive agencies as well as deluging the com-

mittees with far more information than could usefully be absorbed. If, as we presume is intended, the amendment contemplates reports at less frequent intervals and in less minute detail, it would appear to add nothing useful to the present reporting and information requirements and arrangements described above.

2. With respect to the final sentence of the proposed amendment, I would like to call to your attention the following statements made by Secretary Dulles in a letter of June 28, 1956, to Senator George regarding an amendment advanced last year by Senator O'MAHONEY on this same subject (although differing in some respects from the present amendment):

"Such an amendment would not be in the national interest to the extent that it is intended to require officers and employees of the executive branch to make available information which, in the judgment of the President, should not be disclosed. Any such provision would adversely affect the conduct of our foreign relations, the administration of the mutual security program, and the operations of whole areas of this and other departments, only incidentally related to mutual security activities. Moreover, the questions raised by the proposed amendment, raise substantial constitutional questions, in that the amendment would purport to withdraw from the President the authority to determine when and under what circumstances the disclosure of information relating to the conduct of foreign affairs and national security would be in the public interest. Such a provision would be inconsistent with the theory of separation of powers of the legislative and executive branches as it has been understood and followed since the administration of President Washington. For these reasons the Department of State is opposed to the enactment of this amendment.

"I wish to make it clear nevertheless that the Department is ready as it has always been, to inform the appropriate committees of Congress fully as to actions taken and determinations made in implementation of the mutual security program and the considerations upon which they are based. As you and members of your committee are aware, officers of the Department, the International Cooperation Administration, and the Department of Defense appear before your committee for several weeks of testimony each year on these matters and discuss them periodically during the year with your committee and other interested committees. As much of the information as possible has been provided on an unclassified basis. Sensitive information which could not be made public has been provided to the appropriate committees on a classified basis.

"The proposed amendment, however, would purport to require any officer or employee of the Government having information, or having custody of documents or other data relating to programs being administered under the act to furnish such information and documents promptly on request to any appropriate committee of either House or joint committee of the Congress, or any subcommittee of such committee. The material which could be requested under the amendment would involve substantially every file in the Department containing foreign or domestic political or economic information, as well as considerable foreign military and intelligence information held by this Department, the Department of Defense, and other agencies.

"Such an amendment, if enacted, would pose grave problems in the conduct of our foreign relations. It has always been recognized that the day-to-day process of diplomatic communication and consultation, both formal and informal, through which the President is informed of current and prospective developments in foreign countries,

must necessarily be carried on in confidence. For instance, private conversations between the President, or the Secretary of State, and our Ambassadors and the heads of foreign states and their representatives cannot be carried on with frankness except on the assumption that memorandums of such conversations will be given the most limited and discreet distribution, even within the executive branch. The same is true of much of the informal contact at lower levels which plays so essential a role in the conduct of foreign relations. In the absence of ability to respect such confidences in the manner which has been traditional in relations between nations for centuries, the conduct of diplomacy would be well nigh impossible.

"It is equally essential to the efficient and effective administration of the mutual security program that the President have the benefit of confidential advice from the officers primarily responsible and answerable to him within the executive branch, and that they, in turn, have the same complete and candid advice from their subordinates. This frank exchange of views would not be possible if the provisions of the proposed instructions required by the amendment were put into effect. I am sure the practical necessity for such relationships in deliberation and staff administration has been demonstrated in the experience of the legislative and judicial branches as well as in the executive branch of the Government. Some reasonable line must be drawn between the interest of Congress in carrying out investigations in furtherance of its legislative functions, and the responsibility of the President to administer the laws. It is not to the interest of the Government, or of the Nation as a whole, that the responsibilities of any branch be carried out by methods which would seriously impair the ability of any other branch to function effectively."

We would consider the present amendment proposed by Senator O'MAHONEY to require the furnishing of information to the Congress only in conformance with the principles described in the foregoing passages from the Secretary's letter. As such, the amendment would add nothing to the present arrangements and requirements for furnishing information to Congress, and we oppose it for this reason. If the amendment were intended to go beyond this and have the sweeping, unrestricted effect of last year's O'Mahoney amendment, then we would vigorously oppose it for the reasons set forth in the Secretary's letter.

While urging that this amendment not be adopted, I want at the same time to assure you that we intend to continue, as we have in the past, to cooperate to the fullest extent consistent with the principles set forth above in furnishing information to the Congress.

Yours very sincerely,

JOHN B. HOLLISTER.

Mr. SALTONSTALL. I invite attention of Senators particularly to the second item at the bottom of page 2, marked with the number 2, which refers to a letter from Secretary Dulles to Senator GEORGE, dated June 28, 1956, regarding an amendment advanced last year by the distinguished Senator from Wyoming [Mr. O'MAHONEY] on this same subject. He says, in substance, that such an amendment would not be in the national interest to the extent that it is intended to require officers and employees of the executive branch to make available information which, in the judgment of the President, should not be disclosed. That, it seems to me, is a very significant sentence in connection with this amendment.

Mr. President, does the Senator from Wyoming [Mr. O'MAHONEY] yield back the remainder of his time?

Mr. O'MAHONEY. Yes, I am ready to yield back the remainder of my time.

Mr. SALTONSTALL. I shall do likewise, Mr. President.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from West Virginia [Mr. NEELY], the Senator from Florida [Mr. SMATHERS] and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from West Virginia would vote "nay."

I further announce, if present and voting, the Senator from Florida [Mr. SMATHERS] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. LANGER], and the Senator from Maine [Mr. PAYNE], are absent because of illness.

The Senator from Maryland [Mr. BUTLER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Michigan [Mr. POTTER] are necessarily absent.

If present and voting, the Senator from Maine [Mr. PAYNE] and the Senator from Michigan [Mr. POTTER] would each vote "nay."

The result was announced—yeas 31, nays 53, as follows:

YEAS—31

Anderson	Jackson	Mundt
Barrett	Jenner	Murray
Bible	Johnston, S. C.	O'Mahoney
Byrd	Kefauver	Revercomb
Carroll	Kerr	Russell
Chavez	Long	Scott
Church	Magnuson	Symington
Douglas	Malone	Talmadge
Eastland	Mansfield	Thurmond
Ellender	McClellan	
Frear	Morse	

NAYS—53

Alken	Cooper	Hickenlooper
Allott	Cotton	Hill
Beall	Curtis	Holland
Bennett	Dirksen	Hruska
Bricker	Dworshak	Humphrey
Bush	Flanders	Ives
Capehart	Fulbright	Javits
Carlson	Gore	Johnson, Tex.
Case, N. J.	Green	Kennedy
Case, S. Dak.	Hayden	Knowland
Clark	Hennings	Kuchel

Lausche	Purtell	Stennis
Martin, Iowa	Robertson	Thye
Martin, Pa.	Saltonstall	Watkins
McNamara	Schoeppel	Wiley
Morton	Smith, Maine	Williams
Neuberger	Smith, N. J.	Young
Pastore	Sparkman	

NOT VOTING—11

Bridges	Langer	Potter
Butler	Monroney	Smathers
Ervin	Neely	Yarborough
Goldwater	Payne	

So Mr. O'MAHONEY's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I call up my amendment identified as "6-13-57-C."

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 40, line 2, it is proposed to insert the following:

(c) The President is authorized to use not to exceed \$10 million of funds appropriated pursuant to subsection (a) of this section for assistance on such terms and conditions as he may specify, to schools, libraries, and community centers abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other act authorizing assistance of this kind.

Mr. FULBRIGHT. Mr. President, the amendment is permissive to the President. It does not increase the amount of the funds authorized by the bill, but merely gives authority to the President to use them for this particular purpose. As is well known, there are two or three outstanding institutions in the Middle East. For example, there is the American University at Beirut, the Robert College in Istanbul, the Pearce College just outside Athens, Greece, and the Athens College in Athens.

That type of institution would be eligible for assistance under the amendment. It is not a mandatory amendment. The President would not have to use these funds, if he did not wish to do so. However, at the present time the President does not have authority to use appropriated funds for this purpose. He does have the authority to use Public Law 480 funds for this purpose, but unfortunately, in Lebanon there are no such funds.

The chairman of the board of trustees of the American University of Beirut came before our committee and testified as to the need of these funds. I believe the evidence is quite clear that the activities of these universities are beneficial to the interests of the United States and the western idea of society as anything we are doing. I hope the Senate will accept the amendment.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. Is there any precedent for this suggested activity?

Mr. FULBRIGHT. There is authority, as I have just stated, for the use of Public Law 480 funds, the only difference being that those funds refer to foreign currencies, whereas this amendment would permit the use of dollars. Such assistance is already being given to Robert College in Istanbul.

Mr. LAUSCHE. Would this be a precedent under which other areas would be asking us to help finance their colleges where such funds would be available?

Mr. FULBRIGHT. There is no geographical limitation under the amendment, if that is what the Senator has in mind. There is not now under existing law either. The question is whether such assistance would be beneficial to the interests of this country. There are many precedents for assistance to activities similar to that which is contemplated in the amendment. Some of them go back into the Boxer indemnity fund, which was in this general field, but not specifically limited to American students abroad. There are no additional funds required by the amendment. It gives authority for the use of funds if the administration sees fit to use them for that purpose.

Mr. LAUSCHE. Throughout the day the argument has been made that the people do not understand the salutary benefits that accrue to our country through the military assistance program. My belief is that that impression of the public is rooted in the fact that we have entered many fields which to the ordinary citizen have no relationship to the defense of the country. We have two objects to obtain. The first is to help defend our country. The second is to make certain that we are offering to the citizens a program which has some semblance of acceptability.

With all due deference to the lofty motives of the Senator from Arkansas, I have the fear that a program of this type will give opponents of what we are trying to do additional fuel with which to set fire to these efforts.

Mr. FULBRIGHT. I must say in reply, that I regret I am unable to agree with the Senator, that military assistance is the only way in which we can contribute to the security of our country.

I believe there are many ways by which we can contribute to it. Perhaps the military way, under the situation which is developing, particularly in the light of atomic energy developments, may be one of the ways that is proving to be obsolescent. There are many ways that are more important to the future protection of the interests of this country.

Mr. LAUSCHE. I subscribe fully to that statement. However, there is a limitation on what we can do. If we were to explore to the limit the statement just made by the Senator, we could bring within the purview of that statement almost any activity. Certainly we cannot begin to do that.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CASE of South Dakota. It may be desirable to have a definition of the term "community centers." What would "community centers" embrace?

Mr. FULBRIGHT. I do not know that there is any community center I can think of at the moment other than the institutions I mentioned, such as the

American college, as well as the other institutions, which have community centers associated with them. They would be eligible under the authority granted in the amendment.

The language in the amendment was taken from the Smith-Mundt Act, and has a history of administration. That is the reason this particular language was used. At the moment I cannot think of a particular center. As I said, however, this amendment would give the President authority to do what is contemplated; it is not mandatory, but permissive.

In the hearings we received testimony only from a representative of the university in Beirut in Lebanon, although Robert College at Istanbul is also in great need of funds, as are the other institutions. I do not, at the moment, recall what community centers are involved in the Smith-Mundt Act. I wonder whether the Senator from New Jersey can enlighten us in that regard.

Mr. SMITH of New Jersey. I cannot answer the question with respect to community centers. However, I call attention to the fact that we have pursued the policy of exchanging students, as the Senator knows, under the Smith-Mundt Act and under the Fulbright Act. So we have established precedents for bringing youngsters from other countries to this country, and sending our students abroad. Under those programs selections are made without regard to race or creed, and without any discrimination whatever. We have supported, as the Senator has stated, colleges like the American University at Beirut, but unfortunately there are no Public Law 480 funds available with which to assist that institution. Funds would be available under the amendment, as I understand it, for Robert College, for example.

The fund might be used for the benefit of the Chinese in the university in Formosa, for example, if it were needed in an emergency.

All those institutions, I am advised, have been taken care of by private funds or private donations, and they probably still will be. There was some need for funds for colleges in the Middle East, where funds were not available, and it was felt that some of these funds could be brought in.

I am very glad to support the Senator in this amendment.

Mr. FULBRIGHT. I thank the Senator from New Jersey.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CAPEHART. My observation has been that most of the Embassies or most of the so-called American colonies in the foreign countries—it is true in Latin America—have what are called community centers. I do not think the language particularly strengthens the bill. I suggest that the author of the amendment should strike out "community centers."

Mr. FULBRIGHT. If the Senator thought that was important, I would have no hesitancy in modifying my amendment by deleting those words.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CASE of South Dakota. I think the source, at least, should be defined; otherwise the language is pretty broad. If the language were stricken out, I do not think the amendment would be weakened.

Mr. FULBRIGHT. It is not particularly what we had in mind. We took the language from the other act, in order not to make the provision too extensive, although, as the Senator well knows, the President would still have to approve this sort of program and would have to define what "community center" itself meant.

Does the Senator from South Dakota feel that the language ought to be eliminated?

Mr. CASE of South Dakota. I think so.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I may modify my amendment by deleting the words "community centers."

The PRESIDING OFFICER. The Senator from Arkansas has a right to modify his amendment, and it is modified accordingly.

Mr. CASE of South Dakota. Would the term "abroad" make the fund applicable to schools and libraries in South America, as well as in other areas of the world?

Mr. FULBRIGHT. That is correct.

Mr. HUMPHREY. Mr. President, I wish to offer an amendment to the amendment offered by the Senator from Arkansas. I have discussed my amendment with the Senator. I ask that the amendment be stated.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection to the request of the Senator from Minnesota?

Mr. KNOWLAND. Mr. President, I should like to know what the Senator from Minnesota is proposing by way of modification of the amendment.

Mr. HUMPHREY. Mr. President, I ask that my amendment to the amendment of the Senator from Arkansas be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the conclusion of the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT], it is proposed to add the following:

Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for the purposes of this subsection.

The PRESIDING OFFICER. Is there objection to receiving the proposed amendment at this time?

Mr. FULBRIGHT. I am perfectly willing to accept the amendment. It is almost identical with the language contained in the bill of last year.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I should like to have a little time yielded to me in opposition to the amendment.

Mr. KNOWLAND. I yield 5 minutes to the Senator from Louisiana.

Mr. ELLENDER. I think the amendment would establish a dangerous precedent. In the past, efforts have been made to provide cash grants or similar subsidies to colleges built abroad by Americans. Two years ago we put on the statute books authority whereby proceeds derived from the sale of surplus agricultural commodities under Public Law 480 could be made available to colleges abroad. Throughout the world there are a number of such colleges, some of which were established by various religious denominations.

The amendment makes no distinction between religious and nondenominational schools. A school, to be eligible for this aid, merely need be "founded or sponsored by citizens of the United States, and serving as study and demonstration centers." Any school meeting that test would be entitled to the money, even if controlled or operated by a religious denomination.

I fear that if we give dollar aid to religious schools we will run afoul of the constitutional requirement requiring separation of church and state.

In addition, I think we are going just a little too far in making such funds available, because once we start such a practice, there will be no end to it. The Fulbright program is a good example.

I voted for the so-called Fulbright program authorizing the use of proceeds from the sale of surplus properties to stimulate foreign educational exchange programs. That was a very good program. But it was not long until Congress passed an act supplementing with dollars the surplus foreign currencies so realized. As a result, today we are spending more than \$30 million in dollars to assist the educational exchange program.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. The Senator is talking about establishing a precedent. I call his attention to section 203 of the Smith-Mundt Act, passed in 1948. I read one sentence from that act:

The Secretary is authorized to provide for assistance to schools, libraries, and community centers abroad founded or sponsored by citizens of the United States, and serving as demonstration centers for methods and practices employed in the United States.

That is almost identical with the language of my amendment. It is from the Smith-Mundt Act, which has been in effect since 1948. The exchange program about which the Senator is talking was passed in 1946. So there is plenty of precedent.

Mr. ELLENDER. The 1946 act contemplated using proceeds derived from the sale of surplus property.

Mr. FULBRIGHT. But not this.

Mr. ELLENDER. I understand. I remind the Senator however, that besides dollars for educational exchange, we are providing vast sums for libraries operated by the Information Service. As I pointed out several days ago, we have 11 libraries in Italy which are being supported under the Information program.

We have libraries in London. As a matter of fact, we have libraries all over the world.

I say, Mr. President, that here is another effort to support libraries which have been established by philanthropic societies in the United States or by persons who had money to invest abroad.

I say this is simply going too far. I hope the amendment will be rejected.

Mr. LAUSCHE. Mr. President, may I have time yielded to me?

Mr. JOHNSON of Texas. Does the Senator from Ohio desire to oppose the amendment?

Mr. LAUSCHE. Yes; I do.

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, throughout the whole day the argument has been made that the moneys designated in the bill were absolutely needed as a minimum to carry out the program of the President and to insure the defense of our Country from the standpoint of mutual security.

The argument that we can take \$10 million of this money for new purposes belies the argument which has been presented throughout the day. I subscribe to the words of the Senator from Louisiana [Mr. ELLENDER]. Ten million dollars today will mean \$50 million 5 years from now.

If we contemplate giving this type of aid to the nations throughout the world, what answer will we give to the colleges of the United States when they ask us for money?

I stretched my judgment a bit today and yielded to the argument that we should listen to our military men, although my experience has been that they have not learned the value of the dollar. But now, at the end, we have the specter that is frightening the people of the Country being brought into the well of the Senate. It is an innocent phrase—starting a new program.

The President does not have to spend the \$10 million. It will lie within his discretion to determine whether he will do so.

Mr. President, how much pressure will be brought upon the President by various agencies to provide money? Will he yield here and yield there? What will be the picture in the Senate a year from now, when the argument will be made, "There is a deluge of applications", and when they will not be confined to those being sponsored by American citizens?

I think adoption of this amendment—innocent and appealing as it seems to be—would create the groundwork for a new program which would multiply each year.

Pardon me, Mr. President, for the fervor with which I speak on the subject; but I believe it is the responsibility of each one of us to recognize that the policy in Washington has been "Trot onto the field a new program; give it the facade of innocence, charity, and sympathy; and when once you have it in the paddock, then expect that as it moves out, you will get more and more money for it."

Mr. President, I say to you that this year Congress is passing the bill for the

mutual security program; but if activities of this type continue to be added, there will be revolt against any future programs to carry into effect activities of this type.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. How much time does the Senator from Minnesota wish to have yielded to him?

Mr. HUMPHREY. I should like to have 5 minutes.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, I listened with interest to the very appealing and moving remarks of the Senator from Ohio [Mr. LAUSCHE]. I am sure every Member of the Senate has had to stretch his views and his convictions and curb his prejudices and his doubts, as he has voted on the various amendments to the mutual security bill.

I am delighted to have this opportunity to say that my gravest doubt about the mutual security bill is regarding the effectiveness of some parts of the military-assistance program. I do not refer to military assistance to the North Atlantic Alliance; I favor that. I do not even mean military assistance in Korea, where we are confronted with a visible enemy armed with modern airplanes, whereas, under the provisions of the armistice agreements, the planes we have there are not permitted to be modernized. By the way, Mr. President, I believe those armistice agreements should be reexamined, if we are to keep our commitments in that area.

Mr. President, I have refused to vote for any increase in the military-assistance program beyond what the committee favored, because I think we should keep the program in reasonable balance in light of the testimony given before the committee and the action taken by the committee. The committee action was always a compromise, Mr. President; and as a member of the committee, I have felt an obligation to go along with the program as voted for by the committee.

However, Mr. President, military assistance in some areas in the world may be much less effective today and tomorrow, and at least in the long run, than the objectives proposed in the amendment submitted by the Senator from Arkansas [Mr. FULBRIGHT]. It is one thing to have mobs on the street corners cheering the American flag on Monday, and it is another thing to have mobs tearing the American flag to pieces on Tuesday. It is one thing to give military equipment to people in the Middle East, for example, who do not even know how to use it; and it is another thing to educate the young ones, so that 10 years from now there may be serving in governments, as civil servants, persons who remember American ideals and American experiences and some of the treasures of American literature, art, and science.

If I had my choice, and if I were compelled to make a choice tonight, and if

I were compelled to cut the bill in half, it would not take me even one-half a minute to make up my mind what to do. I would throw out the military provisions; and I would choose the scientific, humanitarian, and educational provisions.

The amendment of the Senator from Arkansas [Mr. FULBRIGHT] authorizes the President to use not to exceed \$10 million of the funds appropriated pursuant to subsection (a) of this section of the bill for assistance to schools and libraries. We have already authorized that program, Mr. President. As a matter of fact, last year, in the 1957 act, we directed that special emphasis be placed upon translation, books, libraries, and education. We directed that unused foreign currencies, which have piled up to the extent of \$1,800,000,000, in dollar equivalent, be used in part for education. I regret to say that very little of the money has been used for that purpose. I regret to say that in some circles of the administration, there is less enthusiasm for promoting education with this money than there is for promoting military assistance. A military-assistance program is, at best, a calculated risk, in the case of people whose effectiveness, let me say, is at times a calculated risk.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. Does the amendment the Senator from Minnesota offered to the amendment of the Senator from Arkansas [Mr. FULBRIGHT] supplement the provision of \$10 million, as made by the amendment of the Senator from Arkansas; and does it authorize the President to have an unlimited right to use the foreign currency?

Mr. HUMPHREY. All my amendment would do, as I have offered it to the amendment of the Senator from Arkansas, would be to repeat to the administration what is already provided in the law, namely, that it is the sense of Congress that the Government should get busy with that program. It is only a reiteration of existing policy. But it is over and above.

Mr. LAUSCHE. It provides no limit as to the amount of money the President may use, does it?

Mr. HUMPHREY. It is over and above the use of the foreign currencies.

Mr. ELLENDER. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. ELLENDER. Is it not also over and above the proceeds which may come from Public Law 480?

Mr. HUMPHREY. No; it is out of the proceeds from Public Law 480.

Mr. ELLENDER. But are not there other currencies, outside of those generated under Public Law 480?

Mr. HUMPHREY. My amendment to the amendment of the Senator from Arkansas uses the words "under title I of the Agricultural Trade, Development, and Assistance Act of 1954, as amended."

Mr. ELLENDER. Does the Senator from Minnesota know how much money is involved?

Mr. HUMPHREY. If the rate of expenditure would be no more than it has been, it would be such a rate as to please the most economy-minded Member of the Senate.

Mr. ELLENDER. But I refer to the amount which could be spent. As I recall, we have sold in the neighborhood of \$2 billion of surplus agricultural products under title I of Public Law 480, and approximately 90 percent of the \$2 billion in local currencies generated by the sales has been loaned back to the various buyer countries; I assume it is that money the Senator from Minnesota would like to have used in order to carry out the purposes of the amendment of the Senator from Arkansas.

Mr. HUMPHREY. No; my amendment applies to the following—and I read now from the committee report, on page 27:

There is authority in Public Law 480, 83d Congress, in the Smith-Mundt Act and in the Mutual Security Act to assist these institutions through contracts for training and through loans and grants.

That authority already exists; the Senate has already voted it, and it has been in the law.

I read further from the committee report, on page 27:

The committee expects the Bureau of the Budget in carrying out its responsibilities for the allocation of Public Law 480 foreign currencies, and the Department of State in carrying out its responsibilities under the other two acts, to exert imaginative and complementary efforts to extend effective assistance to these centers of learning.

So the authorization is already in the law.

All my little amendment does is to say to the President, in effect, "Get busy and use the funds which are already there." That is what I hope to have done.

The PRESIDING OFFICER. The time yielded to the Senator from Minnesota has expired.

Mr. HUMPHREY. I believe that I have 1 more minute in which to conclude, inasmuch as I have an amendment of my own.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota was accepted by the Senator from Arkansas.

Mr. HUMPHREY. Then, Mr. President, I will say that I trust that the amendment will be adopted, because I submit it is a sound amendment for long-term purposes which will yield effective dividends.

Mr. SALTONSTALL. Mr. President—

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. SALTONSTALL. As one who has been through the American University at Beirut, who has talked with the former distinguished president of it, Mr. Dodge, who was president of the university for more than 20 years, as one who has been through the Robert College in Istanbul, as one who has been through the free library founded by the Americans in Berlin, I simply wish to say that I think this discretion to the President should be permitted, and that, from

my knowledge of these three institutions alone, this is a fine amendment and should be adopted.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas, as modified by the amendment of the Senator from Minnesota. Is the remaining time on both sides yielded back?

Mr. HUMPHREY. Yes; I yield back the time remaining to me.

Mr. KNOWLAND. I yield back the time remaining to the opposition.

The PRESIDING OFFICER. All time remaining has been yielded back. The question is on agreeing to the amendment, as modified. [Putting the question.] The "ayes" appear to have it.

Mr. ELLENDER. Mr. President, I ask for a division.

On a division, the amendment, as modified, was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. ELLENDER. Mr. President, I send to the desk an amendment, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed on page 37, beginning with the colon in line 20, to strike out through the word "period" in line 5 on page 38.

Mr. ELLENDER. Mr. President, I will ask the attention of Senators for a few moments. I shall not ask for a ye-and-nay vote on this amendment. For the past 4 or 5 years strenuous efforts have been made by the committee—

Mr. FLANDERS. Mr. President, may we have the amendment read again? There was a good deal of noise, and I did not hear it.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed on page 37, beginning with the colon in line 20, to strike out through the word "period" in line 5 on page 38.

Mr. ELLENDER. Mr. President, I was in the process of explaining what the amendment provides. There is an appropriation, I may say to my good friend from Vermont, of \$15½ million to be used for the technical-assistance fund in the United Nations. For the past 4 or 5 years the Senate Appropriations Committee has been making a valiant fight to reduce percentage-wise the amount of contribution we make to the United Nations fund in reference to technical assistance. When the U. N. was first organized, we contributed for its support in excess of 60 percent, merely to operate the organization. Over a period of about 6 years, the Appropriations Committee was able to have the contributions reduced from 60 percent to one-third.

Three or four years ago the Senate Committee on Appropriations took the same position with respect to our contribution for technical assistance. We were told 3 years ago that that should not be done at once, but should be done gradually. Two or three years passed by and no effort was made to reduce appreciably our contribution percentage-wise. So last year the Appropriations

Committee wrote into the bill a provision—and it is now the law—that for 1958 the amount of contribution for technical assistance should not be more than one-third of the entire amount contributed by other nations than us.

The committee amendment seeks to nullify that law, a law which was enacted last year and in the appropriation bill, to make the contribution for the years 1958 and 1959, and on, one-third. The committee amendment provides that for 1958, instead of having the contribution percentage-wise fixed as it is now by law, the contribution shall be raised to 45 percent. The following year, 1959, the contribution shall be 38 percent. Only in 1960 will the contribution go back to one-third, which is now the law.

I feel that the Senate Appropriations Committee has been very diligent, as I said, in the past 3 or 4 years in warning the State Department that we expected it to cut the contribution to one-third. As I said a while ago, it was allowed 3 or 4 years in which to attain that goal, but the Department did not do it. So last year we wrote into the law that the contribution should be one-third.

I hope I shall hear a heavy "Yea" vote for this amendment, so as to let the law remain as it is now, and provide that the United States contribution shall not be more than one-third.

If that were all we were doing in the technical aid field, I would say, good and well, we might be able to give more; but do not forget that we have provided in this very bill more than \$156 million for technical aid. We are managing that aid ourselves; we are paying for it.

We have had in the past a development assistance fund, which has been reduced this year to a loan fund. I think our contribution to the technical aid fund should certainly not be more than one-third.

I hope the Senate will at least vote for this amendment, so as to sustain the action it took last year in providing that the amount shall be not more than one-third.

Mr. MANSFIELD. Mr. President, there is a good deal of merit in what the Senator from Louisiana has just said, and he has been quite accurate. It is true the Congress last year did decree that beginning with calendar year 1958, which starts next January, the amount of our contribution, on a percentage basis, to the U. N. technical-assistance fund should be 33⅓ percent.

However, after deliberations within the Committee on Foreign Relations, it was decided, on the basis of evidence presented to us, that the drop from 49 percent to 33⅓ percent in 1 year would be entirely too great.

I wish to say to the Senator from Louisiana, that insofar as I can recall, every member of the Foreign Relations Committee was and is in accord with the objective, but we felt, in this vital cooperative program, it would be too much of a break to drop from 49 to 33⅓ percent in 1 year, and on the basis of an amendment offered in the committee, we decided to try it out in 3 gradual stages.

I hope the Senator from Louisiana, who has been entirely truthful and con-

sistent, will recognize we did try to do something to alleviate the situation, and that we thought this was the best way to come to a logical conclusion.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MANSFIELD. I am delighted to yield.

Mr. ELLENDER. The Senator is familiar with the action taken by the Committee on Appropriations for the past 4 years on this very subject.

Mr. MANSFIELD. I am, indeed.

Mr. ELLENDER. We warned the State Department to cut down the contribution percentage. We threatened on two occasions, before we wrote a special provision into the law last year, that the percentage would be fixed by Congress unless it was done voluntarily.

Mr. MANSFIELD. That is true.

Mr. ELLENDER. I think the State Department has had ample time to get our contribution down to one-third.

Mr. MANSFIELD. Mr. President, I cannot argue with what the Senator from Louisiana has stated. He has stated the truth. However, begging the indulgence of the Senate, I ask it to consider the action taken by the Senate Committee on Foreign Relations, which seeks, within a 3-year period, to bring about a decline from 49 percent to 33½ percent. I hope that the Senate in its wisdom will reject the amendment offered by the Senator from Louisiana.

Mr. ELLENDER. I yield back any time remaining to me, Mr. President.

Mr. KNOWLAND. I yield back my remaining time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER]. The amendment was rejected.

Mr. ELLENDER. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 31, beginning after the period in line 1, it is proposed to strike out all down to and including the period in line 7 and to insert in lieu thereof the following:

The administrator of the fund shall furnish to the Committee on Foreign Relations of the Senate, to the Committee on Foreign Affairs of the House of Representatives, and to the Committees on Appropriations of the Senate and House of Representatives, a report on each financing operation or transaction involving the fund's assets.

Mr. ELLENDER. Mr. President, the purpose of this amendment is to make certain that the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House, as well as the Committees on Appropriations of the House and Senate, are kept informed as to how these loans are being made, and to whom. This information need not be given in advance of the making of the loans.

The bill, as reported, does not require the administrator to make any report to any congressional committee unless the transaction involves a sum in excess of \$10 million, or the project it finances will require more than 1 year to complete.

It strikes me, Mr. President, that since this loan fund as now created is to involve the expenditure of \$500 million for this year and \$1½ billion in the 2 subsequent years, it is asking very little of the administrator that he be required to report to the Committees on Appropriations of the House and Senate, as well as the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House. This is not a new approach. We imposed an even more strict requirement with respect to funds implementing the so-called Middle East resolution. Senators are familiar with that.

Mr. MANSFIELD. Mr. President, may we have order.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The Senate will be in order.

Mr. ELLENDER. When the so-called Eisenhower doctrine was adopted the act provided that "none of the additional authorization contained in this section shall be used until 15 days after the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, the Committee on Appropriations of the Senate and House of Representatives and, when military assistance is involved, the Committees on Armed Services of both Houses of Congress be notified."

What this amendment envisions is that the committees be notified either before or after the loans are made; there is no requirement that the notification be furnished 15 days before they are made. I think the committees of both Houses should be kept informed as to any loan which is made from this huge sum that is here provided.

The fund, as I have indicated, will aggregate in the course of 3 years, if this bill passes without further amendment, over \$2 billion. It is a revolving fund.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CAPEHART. The President will make an annual report to the Congress, as the Export-Import Bank does, as to exactly the loans which are made.

Mr. ELLENDER. My amendment would not apply to the President's fund at all, I may say to my good friend, the Senator from Indiana. It would apply solely to the development loan fund. It is provided in this bill we are now considering that all loans over \$10 million or loans for projects extending over more than 1 year be reported to the committee. What I am asking is that all loans be reported to the appropriate committees of Congress.

Mr. CAPEHART. The President makes a yearly report, reporting all loans, but he makes a daily report, if loans for more than \$10 million are made.

Mr. ELLENDER. Oh, no.

Mr. CAPEHART. At the end of the year he will report, like the Export-Import Bank does.

If he does not, I think we have overlooked something in the bill.

Mr. ELLENDER. I am sure the committee did.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. I wish to say that I am sure the suggestion of the Senator is constructive. I was never quite sure why we had a cutoff at \$10 million. Again, as I stated a while ago when I was debating with the Senator from Oregon, it is not a matter of principle but it is a matter of degree. To my mind most of these loans will be for substantial sums, anyway, because they will be Government loans. In a sense, the report will not impede the making of loans.

Mr. ELLENDER. The Senator is correct.

Mr. HUMPHREY. Since it is a matter of reporting and keeping the Congress informed, I cannot help but think the amendment offered by the Senator from Louisiana should be adopted. I would encourage the committee to accept it. It seems to me this is the kind of amendment, with a very constructive purpose, that ought to be accepted.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SPARKMAN. I have a good deal the same feeling as that expressed by the Senator from Minnesota. However, there are 1 or 2 points to which I should like to invite the attention of the Senator from Louisiana. I may say that the provision which is written into the bill was taken from an amendment I myself offered, in order to assure some kind of report being made. However, I think when it is required that those in charge submit to the four committees every individual item, as they move along—

Mr. ELLENDER. Every loan.

Mr. SPARKMAN. Every loan; that is what I mean.

Mr. ELLENDER. Only the loans.

Mr. SPARKMAN. Of course, this bill requires that every loan in excess of \$10 million be reported.

Mr. ELLENDER. Yes.

Mr. SPARKMAN. And if it involves an activity requiring more than a year to complete. However, there is some feeling that the word "and" ought to be changed to "or" so that both types would be covered.

The point I wish to make is that the more numerous the items reported to the committees the less effect they are going to have on the committees. As an illustration, let me say that we wrote into the Mideast resolution a requirement that every transaction be reported to the committees at least 15 days in advance. We got letter after letter from Dr. Marcy, the staff director of the Committee on Foreign Relations, telling us that this arrangement was bad.

What member of the Committee on Foreign Relations ever looked at a single one of them? I did not. If any member of the Committee on Foreign Relations looked at a one of them, I hope he will say so.

Mr. KNOWLAND. I did.

Mr. ELLENDER. I did. I looked at each one.

Mr. SPARKMAN. The same thing is true with respect to the Committee on Appropriations. It would be interesting

to poll the members of the Appropriations Committee.

My thought is that if we restrict the requirement to the larger items more attention will be paid to them.

By the way, one other point is that a report is to be made of every transaction every 6 months, I believe.

I have no objection, myself, to the provision as written.

Mr. KNOWLAND and Mr. CAPEHART addressed the Chair.

Mr. ELLENDER. I yield to the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. In the committee I think it was the general feeling of both the Republicans and Democrats that there was a great deal of merit to the reporting proposal. As a matter of fact, I very strongly supported that provision in connection with the midwest resolution. The mere fact that all Senators may not take advantage of the opportunity to look at the reports does not, in my judgment, detract from the importance of that kind of provision, because every Senator is on notice that certain things have taken place. He knows that he can obtain the facts. I believe that such a provision keeps a co-ordinate and coequal arm of the Government in a position where it can know what is going on.

I think there is great merit in such a provision. Personally I cannot see any objection to the amendment of the Senator from Louisiana. It will involve a little additional volume of business which will come into the Foreign Relations Committee of the Senate, the Committee on Foreign Affairs of the House, and the Appropriations Committees of the two bodies. However, personally I should be willing, if the acting chairman were willing to accept the amendment, to have the amendment adopted providing for this additional information.

Mr. CAPEHART. Mr. President, the able Senator from Louisiana was never more right in his life than he is in advocating what he is advocating. However, it is my best judgment that under section 534, which provides for reports, the President is required to report every 6 months every loan transaction. In addition, he is required to report daily, or as the transactions occur, any transaction of \$10 million or more. So I think the situation is fully covered. Section 534 relates to reports.

Mr. ELLENDER. This is an entirely new loan program. It will create a revolving fund, which may be on the books for years to come.

Mr. CAPEHART. Yes.

Mr. ELLENDER. I do not see why the Congress should not be informed.

Mr. CAPEHART. It is.

Mr. ELLENDER. The Senator is referring to a report which will be made every 6 months, and to the Senate as a whole. What my amendment seeks is to require that reports be made as the loans are made, to the Senate Foreign Relations Committee, the Foreign Affairs Committee of the House, and the Appropriations Committees of the two bodies.

Mr. CAPEHART. Under the bill as it is written, the report would be made

every 6 months; and if a transaction of \$10 million or more were involved, the report would be made when the transaction occurred. The Senator does not wish to go further than that, does he?

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HOLLAND. It seems to me that not only are we interested in the amount of a loan, but we are interested in the character of a loan, and what kind of operation is proposed under an individual loan, which may mark a real departure in the nature of operations.

Let us assume that the loan is for less than \$10 million, or, if it is more than \$10 million, that it involves an activity which does not require more than a year to complete. In either case the transaction would not come under the provisions of the pending bill.

It seems to me that the Senate committees might be much more concerned with a departure in the type of operations being started than merely in the amount of the transactions. An operation might have a very far-reaching effect. If we become committed to a certain type of loan for a certain kind of operation with one ally, it might lead to a great volume of such operations, taking them all as a whole.

I think the distinguished Senator from Louisiana is completely right in his suggested amendment—not only in eliminating the \$10 million limitation, but in eliminating the other portion of the condition stated in the present bill, because the present bill provides that the transaction, in order to be required to be reported immediately, must involve more than \$10 million of the Fund's assets, and must involve an activity requiring longer than 1 year to complete. I think both those limitations might well be eliminated. I believe it would be in the interest of sounder information and better control of the program to have the distinguished Senator's amendment accepted.

Mr. KNOWLAND. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. KNOWLAND. I think there is great merit in the contention made by the Senator from Florida and by the Senator from Louisiana.

However, the Senator from Indiana [Mr. CAPEHART] is correct to this extent, that certain reports are required. I can see no reason why the committee should not accept the amendment. The bill will ultimately be in conference, and we shall be able to find out how detailed the reporting is in connection with the annual report. I think a very strong case could be made for the contention that the Congress ought to be kept informed more than semi-annually, or annually, with respect to certain types of activities. So far as I personally am concerned, I am willing to accept the amendment.

Mr. CAPEHART. Would the Senator from Louisiana be willing to modify his amendment so as to provide for a report every 3 months?

Mr. ELLENDER. No. The reports should be made as the loans are made.

Mr. FULBRIGHT. After they are made.

Mr. ELLENDER. Yes.

Mr. CAPEHART. Is not every 3 months often enough?

Mr. FULBRIGHT. Mr. President, as acting chairman of the committee, before I agree to accept the amendment, I remind the Senate that the Senator from Louisiana is noted for his attention to economy in the administration of committees. I ask him to take note of the probability that if his amendment is accepted a very large increase in the staffs of various committees will be necessary in order to take care of the added paperwork, find storage space for the reports, and process them. I hope that next year, when the recommendation of the Committee on Rules and Administration comes before this body, the Senator from Louisiana will recall that his amendment imposed a great additional expense on the committees, and that he will not oppose the recommendation of the Committee on Rules and Administration.

With that understanding I am willing to accept the amendment and take it to conference.

Mr. ELLENDER. Even if it should require more money, which I doubt, I think it would be money well spent.

The PRESIDING OFFICER. Does the Senator from Louisiana yield back the time remaining to him?

Mr. ELLENDER. I yield back all time remaining to me.

Mr. KNOWLAND. Mr. President, I yield back all the remaining time on our side.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 40, line 20, it is proposed to strike out "\$200 million" and insert in lieu thereof "\$225 million."

Mr. FLANDERS. Mr. President, I have a suggestion for the reading clerk. It is that he first give the page number, and then wait a moment until we can find the page before proceeding with the reading.

The PRESIDING OFFICER. The amendment has not been printed, and the Chair understands that it does not contain any page reference.

Mr. CASE of South Dakota. The amendment is on page 40, in line 20, to strike out "\$200,000,000" and insert in lieu thereof "\$225,000,000."

Lest anyone misinterpret the amendment, this amendment does not propose an increase in the appropriation. This amendment provides for the earmarking of the amount of the fund which would be available for the financing of the export and sale for foreign currencies of surplus agricultural commodities.

The present law reads as follows:

Of the funds authorized to be made available pursuant to this act for the fiscal year 1956, not less than \$300 million, and of the funds so authorized for the fiscal year 1957, not less than \$250 million, shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States—

And so forth. The bill reported by the committee substitutes for the \$300 million figure used in 1956, and for the \$250 million figure used in 1957, the figure of \$200 million. My amendment would make the figure \$225 million instead of \$200 million, of the amount made available by the act to be used for the financing of the export and sale for foreign currencies of surplus agricultural commodities.

The action of the committee would reduce the \$300 million figure which was used last year to \$200 million. That is, it would cut down the surplus agricultural commodity program by one-third, from \$300 million to \$200 million. My proposal is that instead of cutting it by that much, it be cut by only 25 percent, from the current-year figure, or by \$75 million from the figure used last year.

The surplus disposal program, as Senators know, is being carried on under the authorization of two acts. One is the Foreign Aid Act, with which we are now dealing; the other is Public Law 480. Under the proviso in the Foreign Aid Act, in the past 3 years \$1 billion worth of agricultural products was disposed of. Under Public Law 480, about \$2 billion worth was disposed of. The total, therefore, disposed of, was \$3 billion worth of agricultural products.

In the report to the Committee on Agriculture and Forestry the other day, with respect to exports under Public Law 480, it was stated that the average price received by farmers for 1956 wheat was about 9 cents a bushel higher than for 1957, and corn averaged about 2 cents a bushel higher. The credit for it was given to the program of using some surplus commodities in the foreign-aid program.

I am hopeful that the committee will accept the amendment. I understand that during its deliberations the committee, at one time had tentatively adopted \$250 million, which would have continued the program on the level of the present year.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. FULBRIGHT. It is true that it would have continued it at that level. The difficulty is that the funds under defense support would be reduced, and the percentage would be much higher if the \$250 million figure were retained.

Mr. CASE of South Dakota. I point out that to go from \$300 million in 1956 to \$225 million is a reduction of \$75 million, or a reduction of 25 percent, or one-fourth. A reduction from \$250 million to \$225 million would be a reduction of 10 percent, even taking the \$225 million figure. The State Department, I understand, has prepared a memorandum on this subject, and has recommended \$175 million. It pointed out that they might

be able to handle \$50 million worth through triangular loans, which would make it \$225 million, which is the figure I have suggested.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Vermont.

Mr. AIKEN. Mr. President, all of us want to dispose of surplus agricultural commodities as rapidly and as advantageously as we can.

The mutual security program has proven to be a very useful vehicle with which to dispose large amounts of them. We disposed of a large amount of agricultural surplus in fiscal 1954. We included a proviso that \$350 million worth should be used for fiscal 1955. That was reduced to \$300 million for fiscal 1956. That was brought down to \$250 million in fiscal 1957.

When the Budget Bureau and the ICA made their recommendations this spring, they recommended that \$175 million would be the amount which they could dispose of to good advantage. The committee did not see—at least not on the first day—why they could not use just as much in surplus commodities as they did the year before. Therefore we voted to restore the amount to \$250 million for fiscal 1958, the same as it was for fiscal 1957.

Then the next morning we studied the matter a little more, and we came to the conclusion that we had made a mistake in putting it back to \$250 million. So we brought it down again to \$200 million.

The reason for it is this. There is only a limited number of programs in which we can apply the surplus commodities in payment to good advantage. It is quite obvious that we cannot use too much of this type of money in military assistance programs, because many of the countries which can use surplus commodities do not produce anything in the way of military hardware and other military equipment. We could not use it, except in countries like France and Germany and England and Italy, where we have used a considerable amount in that way.

That left the defense support program, and the development assistance program, where we could try to work off surplus commodities. For this fiscal year the defense support appropriation and the money available amounted to somewhere around \$1,100,000,000 or \$1,200,000,000. I am not exactly sure of the figure. At any rate, it is about \$1,200,000,000.

The development assistance program, as I recall, called for \$293 million. That was the amount appropriated last year. That made a total of about a billion and a half dollars on which we could work off surplus commodities.

The bill this year is quite different. In the first place, the agency asked for only \$900 million for the defense support program. That in itself is substantially less than last year. The development assistance is now the Development Loan Fund. There, obviously, we cannot work off surplus commodities on a 40-year loan program. Therefore, instead of having a billion and a half dollars worth of programing to use surplus commodities on, as there was

last year, we now have only about \$800 million this year. In fact, they had \$900 million originally, when we set the figure at \$200 million. After we had set the \$200 million figure, the committee reduced the \$900 million to \$800 million.

Therefore, instead of a billion and a half dollars of programing to work off surplus commodities on, as we had last year, there is now only about \$800 million. There may be a little more available from somewhere else. How much they can work off in the limited program, as compared with former years, I cannot say. I do not know whether they can use \$225 million worth of surplus commodities.

I do know, however, that last year in defense support they used surplus commodities amounting to approximately 16 or 17 percent of the defense support and development assistance provisions. This year we are asking them to use 25 percent. Whether they can do it, I am not in a position to say. They said they could work off \$175 million worth in a \$900 million program. I think they can do something, although I do not know how much. I frankly admit that I do not know whether they can do it or not. I do not know whether they know whether they can do it or not.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. KNOWLAND. Mr. President, does the Senator from Vermont require more time?

Mr. AIKEN. No, I am not asking for more time.

Mr. CASE of South Dakota. I have some additional time I can yield to the Senator from Vermont if necessary.

Mr. KNOWLAND. I have also agreed to yield some time to the Senator from North Dakota [Mr. Young].

Mr. CASE of South Dakota. Mr. President, I should like to address a question to the Senator from Vermont. How much of an increase did they use during 1957?

Mr. AIKEN. I believe for this year they are going to work off possibly \$10 million above the \$250 million requirement.

Mr. CASE of South Dakota. In other words, the Senator believes that this year they will be able to use about \$260 million for this surplus commodity disposal plan?

Mr. AIKEN. That is for the fiscal year which ends on June 30 of this year, 3 weeks from now.

Mr. CASE of South Dakota. It seems to me they could use \$250 million in the fiscal year ending June 30.

Mr. AIKEN. They had about a billion and a half worth of programing to work on.

Mr. CASE of South Dakota. That may be, so far as the amount of programing is concerned, but the point is as to the volume of agricultural commodities which can be disposed of to the countries with which we are dealing.

We have found the program to be very helpful in supplying military housing, as well as other requirements of the military overseas, and dollars have been saved thereby.

If they could use \$260 million in the fiscal year now closing they certainly ought to be able to use as much as \$225 million in the year ahead.

Mr. AIKEN. I should think so, although I do not know; and I do not know what they know.

Mr. CASE of South Dakota. I am sure they will try to. If the figure is placed at \$225 million, and they cannot dispose of more than \$215 million, I do not think they will be held responsible.

Mr. FULBRIGHT. This is about all they can do. The language is "not less than" that.

Mr. AIKEN. That is correct.

Mr. FULBRIGHT. If they can do more, they have the authority to do more.

Mr. AIKEN. Dr. Fitzgerald of the International Cooperation Administration assured me that they would work off all they could under the circumstances, and regardless of what the minimum might be.

Mr. YOUNG. It is not a question of working off \$200 million or \$250 million, or any amount like that. Dr. Butz, of the Department of Agriculture, testified before our committee that approximately \$1,200,000,000 of Public Law 480 exports took the place of foreign aid. They are saddling off foreign aid in an agricultural appropriation bill.

I think giving foreign countries some of our agricultural surplus is a pretty good program; it is the very best kind of foreign assistance we can give. But what they are doing is reducing the appropriation for foreign aid for agricultural purposes under the foreign-aid program and are substituting Public Law 480. It accomplishes the purpose, but it charges something to agriculture that really belong in a foreign-aid program.

Dr. Butz testified, as did Secretary Benson, that approximately \$1,200,000,000 of exports under Public Law 480 took the place of foreign aid. I hope this amendment of the Senator from South Dakota is adopted.

Mr. AIKEN. I do not question the assertion of the Senator from North Dakota that a great deal was charged to agricultural appropriations which ought to be charged to other appropriations. I believe, however, that in the long run the Department of Agriculture is better able to dispose of agricultural surpluses than is any agency which is closely allied to the State Department.

Mr. CASE of South Dakota. Mr. President, I am prepared to yield back the remainder of my time. I should like to say that, of course, the State Department might find it easier to use dollars; but we will serve two purposes if we can use agricultural commodities.

I hope the amendment will be agreed to.

Mr. President, I ask unanimous consent that the material submitted by me earlier in the day may appear in the RECORD following the disposal of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. CASE of South Dakota. I yield back the time remaining to me.

Mr. CAPEHART. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota. (Putting the question.) The "ayes" appear to have it.

Mr. CAPEHART. A division, Mr. President.

On a division, the amendment was rejected.

(During the course of Mr. MORSE's remarks on his amendment identified as "6-13-57-B":)

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. MORSE. I shall be glad to yield.

Mr. CASE of South Dakota. Later in the evening I desire to offer an amendment. I have a report from the Library of Congress which at that time I shall ask to have printed in the RECORD as part of my remarks. In order to accommodate the printer, I now ask unanimous consent that I may have printed as a part of my remarks a report from the Library of Congress on the history of legislation providing for the exchange of surplus agricultural commodities for foreign currencies.

The PRESIDING OFFICER. Is there objection?

There being no objection, the report was ordered to be printed in the RECORD, as follows:

EXHIBIT 1

HISTORY OF LEGISLATION PROVIDING FOR THE EXCHANGE OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

THE FIRST BILL (S. 1230)

The first bill providing for exchange of surplus agricultural commodities for foreign currencies was offered in the Senate on March 9, 1953:

S. 1230, a bill to provide for the strengthening of the Republic of Korea as an ally against aggression and for the reconstruction of that country from the ravages of war in resisting aggression.

Introduced by Mr. CASE (for himself and Mr. MUNDT), referred to Committee on Agriculture and Forestry, March 9, 1953. (Vol. 99, CONGRESSIONAL RECORD, pp. 1723-1724.) (Statement of Mr. CASE.)

[The above bill provided for the sale of surplus domestic supplies of wool, cotton, grains, dairy, poultry, and meat products to the Republic of South Korea, payment to be made in the local legal currency of that Republic.]

Senate Joint Resolution 56, to provide for the creation of an international food reserve.

Introduced by Mr. Murray (for himself, Mr. Case, Mr. Douglas, Mr. Eastland, Mr. Fulbright, Mr. Hennings, Mr. Hill, Mr. Hoey, Mr. Humphrey, Mr. Hunt, Mr. Kerr, Mr. Kilgore, Mr. Langer, Mr. Lehman, Mr. Magnuson, Mr. Mansfield, Mr. Maybank, Mr. McClellan, Mr. Morse, Mr. Mundt, Mr. Neely, Mr. Sparkman, Mr. Stennis, and Mr. Young) and referred to Committee on Foreign Relations, March 11, 1953.

[The above bill proposed to establish an International Food Reserve using national currencies paid to the Reserve by purchases of agricultural products for the purchase in the same countries of other raw materials needed by food exporting countries.]

In offering Senate Joint Resolution 56, Mr. MURRAY on March 11, 1953, stated:

"Mr. President, on behalf of myself and a large bipartisan group of other Senators, I have introduced today a joint resolution which aims at the creation of an international food reserve under the auspices of the Food and Agriculture Organization of the United Nations.

"This resolution is not a new idea. It is the product of long years of study by farmers, economists, Members of the Senate and the House of Representatives, and leaders in international affairs. The general idea of an international food reserve first came to public attention back in 1946 when Sir John Boyd Orr, the head of FAO, proposed a World Food Board. It came to public attention again in 1949, when a committee of distinguished economists from various countries including the United States proposed the creation of an International Commodity Clearing House." 99 C. R. 1852. [Note: former President Herbert Hoover, in May 1946, in an address before FAO urged the creation of the United Nations Food Administration with an advisory committee—the majority of which would represent the surplus food producing nations—for the direction of the destination of marginal quantities of food supplies. See vol. 92, CONGRESSIONAL RECORD, p. A2785.]

House Joint Resolution 224, to provide for the creation of an International Food Reserve.

Introduced by Mr. SMITH of Mississippi and referred to Committee on Foreign Affairs, March 12, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 1916.)

[The above bill is identical to Senate Joint Resolution 56.]

House Resolution 4087, to amend the Agricultural Act of 1949 to authorize the Secretary of Agriculture to sell certain agricultural commodities to the Republic of Korea, and for other purposes.

Introduced by Mr. POAGE, referred to Committee on Agriculture, March 18, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 2116.)

This bill authorized the Secretary of Agriculture to sell to the Republic of Korea certain surplus commodities in the possession of the Commodity Credit Corporation in an amount not exceeding \$300 million and accept as payment currency of that republic. It authorized the Secretary to purchase with the Corporation's funds up to \$200 million worth of beef and beef products and to sell them on the same terms accepting as payment therefor Korean currency. Currency thus acquired would be deposited in a "Korean Food and Rehabilitation Fund" for retirement of debentures of the Corporation at the exchange rate granted to the republic by the Secretary.

S. 2048, to provide for the use of surplus agricultural commodities in paying for off-shore purchases of military supplies and other goods and services.

Introduced by Mr. YOUNG (for himself, Mr. EASTLAND, Mr. MUNDT, and Mr. ELLENDER), referred to Committee on Agriculture and Forestry, June 4, 1953. (Vol. 99, CONGRESSIONAL RECORD, pp. 6041, 6044.)

[The above bill provides for use of up to \$2 billion of surplus agricultural commodities in making expenditures or donations in foreign countries, including bartering or selling such commodities for foreign currencies.]

PUBLIC LAW 77 (S. 2112) 83D CONGRESS

On June 10, 1953, Mr. Aiken (for himself, Mr. Knowland, Mr. Smith of New Jersey, and Mr. Taft) introduced a bill (S. 2112), which became Public Law 77. This bill was recommended by the President (H. Doc. 171, 83d Cong.) on the same day as introduced. It authorizes the Commodity Credit Corporation to make up to 1 million long tons of wheat acquired through price support pro-

grams available to the President for transfer in the nature of a grant to Pakistan, during the period ending June 30, 1954, upon such terms as he should see fit. Appropriations are authorized to reimburse the Commodity Credit Corporation. The terms upon which the transfer of the wheat to Pakistan is to be effected were set forth in the bill as follows:

(a) Distribution of the wheat without discrimination, and in case of needy persons—free.

(b) Full publicity for United States assistance.

(c) United States observers.

(d) Utilization of local currency received for the wheat as agreed upon by the United States and Pakistan to increase food production in Pakistan and other projects in the mutual interest of the two countries, to wit, "to deposit in a special account amounts of the currency of Pakistan equivalent to the amounts of such currency accruing to the Government of Pakistan from the import and sale of commodities furnished as a grant hereunder, this account to be utilized as may be agreed upon by the United States and the Government of Pakistan for the benefit of the people of Pakistan in programs to increase food production and in other projects and programs in the mutual interest of the United States and Pakistan."

(e) Allocation of 5 percent of the local currency receipts to the United States for its local currency requirements.

(f) Appropriate measures to reduce and forestall further relief needs.

(g) Transportation of at least 50 percent of the wheat in American ships. (See S. Rept. No. 404, 83d Cong., 1st sess.)

S. 2112 passed the Senate June 16, 1953, and passed the House June 23, 1953, in lieu of H. R. 5659. Three identical bills had been introduced in the House on June 10, 1953, and hearings had been held thereon on June 15 and 16, 1953, by the House Committee on Agriculture. The bills were H. R. 5659 by Mr. HOPE, H. R. 5660 by Mr. JAVITS, and H. R. 5661 by Mr. Judd. See H. Rept. No. 570 and Public Law 77, 83d Cong. 2d sess. and 99 C. R. 6292, 6445, 6507, 6611-6619, 7109, 7122.

USE OF CURRENCY FUND

The following excerpts from the colloquy had between Mr. AIKEN and Mr. CASE at the opening of the debate on the bill (S. 2112) in the Senate points out the extent to which the local currency fund created by the bill could be used in the interests of the United States as originally suggested by Mr. CASE in his proposal (S. 1230) of March 9, 1953, for the rehabilitation of Korea (Vol. 99 Code of Regulations, pp. 6613, 6616):

"Mr. CASE. The bill provides for the establishment of a special fund in which the Government of Pakistan will deposit in the form of its own local currency the money received in the disposition of the wheat. Is that correct?

"Mr. AIKEN. That is entirely correct. The people of Pakistan are not out of funds, but they are out of dollars. They have rupees, but unfortunately the rupees will not buy United States and Canadian wheat.

"Mr. CASE. Ninety-five percent of those funds will be available for expenditure within Pakistan, for the improvement of the food-producing ability of the country. Is that correct?

"Mr. AIKEN. That is correct.

"Mr. CASE. My reason for bringing out that point is that for sometime there has been pending before the Committee on Agriculture and Forestry, of which the Senator from Vermont is chairman, a bill which I introduced many weeks ago, proposing a program somewhat similar to this, but for the benefit of the people and the armed forces of the Republic of South Korea. The principle underlying the pending proposal seems to me

to be worthy of application to other situations, not only from the humanitarian standpoint, but also that the interests of the United States itself may be served.

"When General Van Fleet appeared before the Committee on Armed Services, he spoke at some length of the relative ration of food given to the South Koreans who were in their armed forces, and the ration which was provided for the prisoners of war. He stated repeatedly that the South Korean soldiers who were guarding the prisoners of war were receiving much less in the way of food rations than were those they guarded, the Red soldiers, who were being fed by us under the terms of the Geneva Convention.

"It seemed to me, therefore, that we could appropriately make available to the Republic of South Korea foodstuffs and fiber, to be paid for in their own currency. They, too, are out of dollars. We could thereby strengthen the ability of the South Korean soldier to stand in the line and to resist aggression. We also could make the dollars do double duty by making the Korean currency thus paid available for the rehabilitation of Korea.

"Everyone knows that we simply cannot walk away from Korea, after it has been devastated by armed conflict, and their public buildings, hospitals, and schools have been destroyed. Sooner or later we shall have to provide some funds for the purpose of rehabilitating Korea. We cannot do less for an ally, Korea, than we have done for such former enemy countries as Japan and Germany. If at the same time we use funds for the purchase of grains, meat, and fiber products to be made available to the South Koreans, we receive in return therefor the local currency and set it aside for the rehabilitation of Korea, we will get double duty from the dollars.

"I take this occasion to point that out, because what we are doing for Pakistan is something we ought also to do, it seems to me, for the Republic of South Korea. It would strengthen the ability of the South Koreans to maintain their position, and it would assist in the discharge of the obligation to rehabilitate the country, an obligation which we will recognize when the truce is signed. I should like to urge upon the distinguished chairman of the Senate Committee on Agriculture and Forestry the importance of early action on that subject.

"Mr. AIKEN. The Senator from South Dakota has aptly pointed out one way by which American food surpluses could be used in the promotion of good will and better economic conditions throughout the world. There are several bills pending which have that general objective in view. However, it is my understanding that the White House expects to send to the Congress very soon, possibly this week, a proposal to authorize the President to use some of our surplus commodities for the purpose of promoting international good will and preventing distress in friendly nations, and, at the same time, to authorize the disposal of some of our very large surpluses of certain commodities within the United States. I think it likely that the bill will be referred to the Committee on Foreign Relations for consideration. I have not seen it, but I assure the Senator from South Dakota that, so far as it is possible for the Senator from Vermont to cooperate to that end, an end which he has very fittingly pointed out at this time, he will do so. But I do not feel like stepping in ahead of the President's own proposal, when that proposal is expected to reach Congress soon, possibly within the next day or two.

"Mr. CASE. Mr. President, will the Senator yield further?

"Mr. AIKEN. I yield.

"Mr. CASE. I may state that following the Van Fleet hearings and my introduction of the bill to which I have referred, I discussed

the Korean situation with the Ambassador from the Republic of Korea at considerable length. The information was so important that I asked him to put in writing, in the form of letter addressed to me, a summary of the statements he had made in our visit. It should be of interest to all Senators. I ask permission of the Senate to have that letter printed in the RECORD at this point in my remarks.

"Mr. CASE. In order that the record may be clear, there are two questions I wish to ask, since there has been some discussion of the bill.

"First, in response to a question asked by the Senator from Arkansas [Mr. McCLELLAN], I think the record will give the impression that all the local currency will become available for the purposes which have been discussed by the Senator from Minnesota. Is it not correct that the bill provides that 5 percent of the local currency account is to be available for the local currency requirements of the United States within Pakistan?

"Mr. AIKEN. The Senator is correct.

"Mr. CASE. So 95 percent is to be available for the other program, and 5 percent would be available for our own expenses in Pakistan.

"Mr. AIKEN. That is correct.

"Mr. CASE. In addition, the committee has an amendment providing that at least 50 percent of the gross tonnage of wheat shall be transported 'on United States-flag vessels to the extent practicable,' as I read the bill, and I simply wish the RECORD to be clear about the fact that the Commodity Credit Corporation is not to pay the transportation. The Commodity Credit Corporation is to deliver the wheat on board vessels in United States ports, as directed by the President.

"Mr. AIKEN. The Commodity Credit Corporation is not to pay the transportation. I think the Mutual Security Administration is to pay the transportation. It is intended that Pakistan pay the cost of nondollar bottoms as far as possible, and that the dollar bottoms will be paid for out of MSA funds.

"Mr. CASE. But the Commodity Credit Corporation does not pay it?

"Mr. AIKEN. It is to be paid by whichever agency is designated by the President to handle the wheat. We are told that the President will designate the Mutual Security Agency. The provision that at least 50 percent of the wheat shall be carried in American bottoms, if available, is substantially the same provision as appears in the Mutual Security Act. As a matter of fact, it is doubtful if 50 percent will be carried in American bottoms, because I understand that they are not available at this time.

"Mr. CASE. While the Senator from South Dakota is in support of this particular measure, at the same time I think we ought to be a little careful about turning such measures into subsidies for the merchant marine or anything else, unless they are clearly labeled as such.

"Mr. AIKEN. I know just what the Senator from South Dakota means, because we have debated that subject on the floor frequently in the past few years.

"Mr. CASE. Should it not be clearly understood that the appropriations authorized in this measure will be to make payments to the Commodity Credit Corporation for the commodities supplied, and not for transportation, and that the transportation costs, if paid for by the Mutual Security Administration, should come from Mutual Security Administration funds?

"Mr. AIKEN. That is correct.

"Mr. CASE. Reverting for a moment to the Korean situation, in my discussion with the Korean Ambassador he pointed out that the South Koreans would be happy if the commodities intended for them were simply made available f. o. b. port of departure.

If, in addition, we were to lend them some of our idle Liberty ships which are in mothballs at the present time, they would provide the sailors and provide the operating expenses. If we would place the food on our docks and lend them some ships, they would man the ships and take care of the transportation.

"Mr. AIKEN. I have not the slightest doubt that generous treatment will be accorded South Korea in this respect, as it should be. If we contribute the commodities at ship-side to the foreign government, then it is up to the foreign government to furnish the transportation."

At the hearings on S. 2112 before the Senate Committee on Agriculture and Forestry, Secretary of State John Foster Dulles explained why the President had requested a grant rather than a loan:

"The CHAIRMAN (Mr. AIKEN). Thank you, Mr. Secretary.

"I have a couple of questions I would like to ask, and there may be other questions from other members of the committee, too. First, is it correct to infer from your testimony that you believe that the gift of the wheat itself would have a greater sentimental value and a greater value toward solidifying the international friendships than a loan of the money would have?

"Secretary DULLES. A much greater value, Mr. Chairman. A loan of money for a purpose of this sort, which did not create in itself any capital investments which increased the possibility of repayment, is not likely to be repaid, and a loan which exists on paper and which we may feel under obligation to try to collect and which they may feel under obligation to try to pay but where the economic situation does not permit of it, is apt to create disturbances between friends.

"I believe that wherever possible the United States should make aid available in the form of loans that are repayable. When I say 'wherever possible,' I include as making it possible a reasonable prospect that the debtor can repay, and repay without such a strain upon its own economy that the result is to destroy both the friendships which we want to create and the economic strength that we want to create.

"I do not see, in the case of Pakistan, the possibility of making a loan which would be repayable without having those risks that I referred to.

* * * * *

"Secretary DULLES. The reason, as I understand it, is this: There is no reason from a purely domestic standpoint to provide a charitable operation of this magnitude. As I say, the people have got the rupees to pay for their own food.

"Senator ANDERSON. Then why not sell them the wheat?

"Secretary DULLES. The wheat will be sold to them for rupees, which they have.

"Senator ANDERSON. Then really we do not need to give them wheat at all. Why not give a Federal grant of money to the Government, if that is what we are trying to do? Why confuse it with wheat?

"Secretary DULLES. Because what they want is wheat and what we have is a surplus of wheat. If you would rather make a gift of \$100 million instead of a million bushels of wheat, and then they would use the \$100 million to buy wheat with—

"Senator WELKER. Where would they buy it?

"Secretary DULLES. They would buy it from us. We would end up just where we are now proposing to go. This is not a situation where you need to pauperize the people of Pakistan. They are perfectly capable and able to pay in rupees but there is no wheat available to purchased in rupees. There is no reason why this has to be made a pauperizing operation as far as Pakistan is

concerned. They are perfectly willing and able to pay rupees for wheat if there is some wheat in the country that can be bought for rupees. This would go on the markets and be disposed of just as would be the case if they had a normal wheat crop.

"Senator ANDERSON. Will we get the rupees that they will pay?

"Secretary DULLES. I have explained that. Yes, those rupees will go into a blocked account over which we have control."

S. 2127, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the mutual security program.

Introduced by Mr. SCHOEPPLE, referred to Committee on Agriculture and Forestry, June 11, 1953. (Vol. 99, CONGRESSIONAL RECORD, pp. 6380, 6425, 10080.)

[This bill (S. 2127) providing for acceptance of foreign currencies for surplus agricultural commodities sold through the mutual security program, was reported as S. 2475 on July 24, 1953. (See S. 2475 and the report thereon, S. Rept. No. 642, 83d Cong.) Mr. Anderson explained: "There is a difference between this bill (S. 2475) and the bill on which there is a report. The report is on Senate bill 2127. This is Senate bill 2475 which was recommended as a result of many discussions. It was decided it was more simple to try to combine several bills into one than to try to deal only with Senate bill 2127."]

The following statement on the bill was made by Senator Schoepel, on June 11, 1953:

"* * * a proposal to sell up to \$1 billion worth of Commodity Credit stocks to reinforce the mutual security program. This proposal would authorize the Secretary of Agriculture to transfer Commodity Credit Corporation stocks available for expanding world markets to the Administrator of the mutual security program.

"It would authorize the Administrator of the mutual security program within limitations to be set by the Congress to offer such stocks for sale through private traders to cooperating nations under conditions negotiated by him with receiving countries in exchange for local currencies. The Administrator would be authorized to accept such currencies for the United States and use them to reinforce the mutual security program and further its objectives by using these funds under mutual agreement, either, first, as loans to banking institutions in cooperating countries which in turn would use the funds to increase production and encourage international trade, or, second, to pay United States obligations such as contributions to cooperative defense establishments, for economic development, for aid to other cooperating countries and for strategic material to augment United States stockpiles above currently planned levels." (Vol. 99 CONGRESSIONAL RECORD, p. 6426.)

The committee on June 12, 1953, requested the Secretary of Agriculture to report back to the committee with respect to this bill. The Secretary gave his views on the bill in a letter to the committee on July 24, 1953. (See S. Rept. No. 642, 83d Cong., 1st Sess.)

H. R. 5714, to authorize the Commodity Credit Corporation to transfer certain agricultural commodities to the Director for Mutual Security for sale to countries participating in the mutual-security program.

Introduced by Mr. Burleson, referred to Committee on Agriculture, June 15, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 6569.)

H. R. 5954, to authorize the Commodity Credit Corporation to transfer certain surplus agricultural commodities to the Director for Mutual Security for sale to countries participating in the mutual security program.

Introduced by Mr. Judd, referred to Committee on Agriculture, June 26, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 7402.)

S. 2128, to further amend the Mutual Security Act of 1951, as amended, and for other purposes.

Introduced by Mr. WILEY, from the Committee on Foreign Relations (S. Rept. 403) on June 15, 1953.

After conference between Senator WILEY, chairman of the Committee on Foreign Relations and Senator SALTONSTALL, chairman of the Committee on Armed Services, was referred to the latter committee "in order that an examination may be made of the arms feature of the bill." (Vol. 99, CONGRESSIONAL RECORD, pp. 6445, 6446, 6456.)

USE FOR MILITARY PURPOSES

After hearings in executive session the Senate Armed Services Committee reported S. 2128 (S. Rept. 444) on June 18, 1953, with an amendment striking out that part of section 521 of the Mutual Security Act of 1951 which read as follows:

"Any currency of any nation received by the United States for its own use in connection with assistance furnished by the United States may be used by any agency of the Government without reimbursement from any appropriation for [the administrative and operating expenses of] carrying out the purpose of this act."

That portion enclosed in brackets had been stricken by the Foreign Relations Committee. The Agriculture Committee also added by way of amendment the following new section (sec. 549), and S. 2128 contained this section when debate actually began on the bill in the Senate on June 29, 1953:

"SEC. 549. Use of Foreign Currency or Credits. Foreign currencies or credits owed to or owned by the United States shall be used to carry out the provisions of this act but only after reimbursement is made therefor to the Treasury from funds appropriated to carry out such purposes: *Provided*, That such currencies or credits are authorized to be made available for use without reimbursement to the Treasury for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

With respect to this amendment the Committee on Armed Services reported:

"The committee believed that foreign currencies or credits owed to or owned by the United States should be covered into the Treasury and that any expenditures of these funds should come only through authorized appropriations to carry out specific purposes." (S. Rept. 444, 83d Cong., 1st sess.)

THE McCLELLAN AMENDMENT

On June 29, 1953, at the beginning of debate on S. 2128 Mr. McCLELLAN offered an amendment with the following statement:

"Under this amendment the President would authorize the Mutual Security Agency to enter into agreements with the governments of countries eligible to receive military assistance under the Mutual Security Act of 1951, as amended, to convert their local currencies into United States dollars for the specific purchases of surplus agricultural commodities produced in the United States which the Secretary of Agriculture has declared to be currently in surplus supply. The dollars used in this conversion would then be utilized by the Mutual Security Agency and the United States Department of Defense for purchasing military equipment, materials, and services in such countries." (Vol. 99, CONGRESSIONAL RECORD, p. 7556.)

The text of the McClellan amendment as modified by the Case proposal and then adopted by the Senate on July 1, 1953, was as follows:

"On page 2, line 1, after 'SEC. 540,' insert '(a)'; strike out the quotation marks at the end of line 13; and between lines 13 and 14 insert a new subsection as follows:

"(b) Such amount of the funds authorized to be appropriated by subsection (a) of

this section as may be specified in the act appropriating such funds shall be used by the President, under such rules and regulations as he may prescribe, to provide military assistance to countries eligible to receive such assistance under this act through currency conversion agreements entered into in accordance with this subsection. The President is authorized to enter into an agreement with any such country which shall provide—

"(1) for the conversion into currency of the United States of such amounts of the currency of such country as may be specified in such agreement, and for the use of such United States currency for the purchase of agricultural commodities, livestock, meat, and meat products, produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply;

"(2) for the use of the currency of such country received by the United States under such agreement to procure military equipment, materials, and services in such country for the purpose of carrying out the provisions of this act;

"(3) satisfactory assurance that an amount of dollar exchange, equivalent to the dollar exchange used by such country during the fiscal year beginning July 1, 1952, for the importation from the United States of each commodity covered by the agreement, will be made available by such country during the fiscal year beginning July 1, 1953, from sources other than dollar exchange made available under this section of the act for the purchase of each such commodity; and

"(4) that the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels." [That portion underscored is the case modification.] 99 CONGRESSIONAL RECORD 7555 [as offered by Mr. McCLELLAN] and 7777 [as adopted with the case modification].

CASE INCLUDES MEAT PRODUCTS

On July 1, 1953, during debate on the McClellan amendment, Mr. CASE stated he had an amendment which he would offer "in the event the Senator's amendment is not agreed to, which acts on the same principle." Mr. CASE, joined by Messrs. BARRETT and MUNDT, also offered a modification to Mr. McCLELLAN's amendment which was accepted so as to specifically include surplus "meat products and livestock" with the coverage of the amendment. (Vol. 99, CONGRESSIONAL RECORD, pp. 7774-7775.)

Since at this time, July 1, 1953, the House had already passed H. R. 5710 (the Mutual Security Act of 1953, and companion bill to S. 2128), it was necessary to include the Case proposal in the McClellan amendment because the bill as it passed the House contained no such proposal as the McClellan amendment or Case modification and such a modification could not be inserted in conference. Ibid.

S. 2128 passed the Senate on July 1, 1953, and H. R. 5710 was substituted therefor and a conference report (H. Rept. 770) was filed July 10, 1953, which explained that the Senate plan for converting dollars authorized for military assistance into foreign currencies was retained:

"Both the House bill and the Senate amendment included provisions for the use of surplus agricultural commodities in connection with supplying assistance to foreign countries. The language of the House bill stated the intent of Congress that surplus agricultural commodities should be substituted for other forms of economic aid to the extent feasible. The Senate provision authorized an arrangement for converting military assistance into foreign currencies. The dollars received by the foreign nations were to be spent by agreement for United States farm products and the local currencies re-

ceived by the United States would be spent for military and items in the purchasing countries.

"The committee of conference agreed to a modification of both provisions. The conference agreement requires that of the funds authorized not less than \$100 million and not more than \$250 million 'shall be used directly or indirectly to finance the purchase of surplus agricultural commodities.' The provision for 'indirect' financing is to permit reimbursement of the Commodity Credit Corporation for commodities supplied from its stocks.

"Sale of agricultural surpluses for local currencies is authorized. Such currencies are to be kept in a special United States account and may be utilized for the purposes set forth in the legislation without appropriation by Congress.

"Local currencies so acquired may be spent only for the purposes of the Mutual Security Act, giving particular regard to the providing of military assistance to countries or mutual defense organizations and to other specified purposes.

"Special precautions are to be taken to prevent disposing of surpluses in a manner which would displace normal market arrangements and to insure that maximum use will be made of private trade channels.

"The conference agreement carries out the objectives of the provisions of the House bill and the Senate amendment while providing more specific and detailed procedures for the attainment of these objectives." (Rept. No. 770, also printed at pp. 8683-8689, vol. 99, CONGRESSIONAL RECORD.)

The conference report on H. R. 5710 was agreed to in the Senate on July 13, 1953, and at that time Mr. WILEY and Mr. KNOWLAND, both Senate conferees, explained the effects of the revision by the conference of the McClellan amendment with the Case modification. The colloquy was as follows (vol. 99, CONGRESSIONAL RECORD, pp. 8642-8643):

"Mr. McCLELLAN. Mr. President, before we leave the subject of the conference report, I should like to ask the distinguished Senator from Wisconsin for an explanation of the provision which was substituted for the amendment, which the Senate agreed to, with respect to the disposal of some of our surplus agricultural commodities by the conversion of dollars into the currencies of foreign countries.

"Mr. WILEY. Mr. President, the conferees battled for about 3 days. Half the time was taken up in discussing the amendment referred to by the Senator from Arkansas. In the statement which I have submitted on the conference report the following language appears:

"Surplus agricultural commodities: The House bill expressed the intent of Congress that surplus commodities be substituted for other economic assistance wherever feasible. The Senate bill contained an amendment offered on the floor by the senior Senator from Arkansas (Mr. McCLELLAN) providing for the use of military-assistance funds to finance the export of surplus commodities for local currency which, in turn, would be used for military procurement.

"The conferees agreed on an amendment which provides that between \$100 million and \$250 million of the funds authorized in the bill shall be used to finance the purchase of surplus agricultural commodities. The amendment authorizes the President to negotiate agreements with friendly countries for the sale of these commodities for local currencies which he may then use to carry out the purposes of the Mutual Security act."

"Mr. McCLELLAN. As I understand the effect of that amendment is that the surplus commodities, under the amendment adopted by the conferees, will come out of the stock of surplus commodities now owned by the Commodity Credit Corporation, and not out

of the channels of private trade. Is that correct?

"Mr. WILEY. I am informed that they might come either directly or indirectly from that source.

"Mr. McCLELLAN. It would be in the discretion of the President is working out these arrangements.

"Mr. WILEY. That is correct.

"Mr. McCLELLAN. Then it will be possible to carry out the original purpose of the amendment which I offered, and which the Senate adopted, if the President will exercise the authority which is granted him by the amendment which the conferees agreed to.

"Mr. KNOWLAND. Mr. President, will the Senator yield?

"Mr. WILEY. I yield.

"Mr. KNOWLAND. Is it not substantially a fact that it makes very little difference which way it is done, because if these commodities come out of stocks held by the Commodity Credit Corporation, for example, the Commodity Credit Corporation will then be in a position to take on more agricultural products. So there is very little difference in the overall agricultural picture.

"Mr. McCLELLAN. That is probably true; but what we should do, insofar as we can, is to encourage the resumption of normal trade through normal channels. I am not saying that it should come out of surplus stocks that that we may have on hand, but if it leaves the way open for the President to negotiate an arrangement whereby it can still come out of private trade in regular trade channels, I am glad to know it.

"Mr. WILEY. If the Senator will look at section 550 he will find it provides that the President shall take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and so forth. The section also provides that private trade channels shall be used to the maximum extent practicable.

"I believe that answers the question of the Senator from Arkansas.

"Mr. McCLELLAN. I wanted to be sure that that principle is preserved so far as is practicable.

"I note that a number of different uses may be made of the currencies we acquire in exchange, whereas the amendment which was sponsored by me provided only that they should be used for procuring offshore purchases of military supplies in the country issuing the currency. Is that correct?

"Mr. WILEY. Yes. If the Senator will refer to the same section he will find that it specifies 4 or 5 activities.

"Mr. McCLELLAN. I believe there are 6.

"Mr. WILEY. Six different activities for which the money can be used.

"Mr. McCLELLAN. It is to some extent watered down.

"Mr. WILEY. Or watered up.

"Mr. McCLELLAN. I believe it is watered down. For instance, the currencies can be loaned back to the issuing country, and we know from experience that most loans are nothing but gifts. Unless sound discretion is used with respect to the various provisions as to how the funds may be used, and our interest is given paramount consideration, those currencies can be used and disposed of so they will actually not return any benefit to our country, other than the giving away of mutual aid.

"Mr. KNOWLAND. Mr. President, will the Senator yield?

"Mr. McCLELLAN. I yield.

"Mr. KNOWLAND. I believe the distinguished Senator from Arkansas is not quite correct in that regard. I should not like to

have his statement to stand in the RECORD without my saying, to the contrary, that the language worked out by the conferees had very much in mind that we wanted to make certain there was an opportunity for the Government at least to get in exchange material which would be helpful and of value to the American people:

"(1) for providing military assistance to countries or mutual defense organizations eligible to receive assistance under this act;

"(2) for purchase of goods or services in friendly countries;

"(3) for loans, under applicable provisions of this act, to increase production or goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

"(4) for developing new markets on a mutually beneficial basis;

"(5) for grants-in-aid to increase production for domestic needs in friendly countries;

"(6) for purchasing materials for United States stockpiles."

"Mr. McCLELLAN. I understand. It seems to be that No. 5 is another giveaway proposition.

"Mr. KNOWLAND. Except I am sure the Senator understands it is surrounded with certain limitations, so the minimum amount that can be used is \$100 million and the maximum amount is \$250 million. It is circumscribed within those limitations.

"Mr. McCLELLAN. That is correct. I am not critical of the conferees. I realize they had a difficult task, probably, in working out an agreement. I hope that it means we have in the bill a start and a tangible effort toward stopping complete giveaways and an effort to try to reestablish trade and commerce between us and other countries, so we will provide aid to our friends by trade, not aid by gifts.

"Mr. CASE. Mr. President, I desire to ask a question of the chairman of the Committee on Foreign Relations.

"Mr. WILEY. I shall be glad to answer the Senator's question, if I can.

"Mr. CASE. During the consideration of the McClellan amendment, or when it was being discussed before it was formally presented, the junior Senator from South Dakota suggested that following the words 'surplus agricultural commodities' there be inserted the words 'livestock, meat, and meat products.' The Senator from Arkansas incorporated that language in his amendment, and the McClellan amendment was adopted in that form. I note on page 9 of the conference report, in section 550, the words 'surplus agricultural commodities, or products thereof.' Apparently the conferees substituted the words 'or products thereof' following the words 'surplus agricultural commodities' for the words which were included in the McClellan amendment, namely, 'livestock, meat, and meat products.'

"Clearly the language used has eliminated the term 'livestock.' So, the Senator from South Dakota would like to ask the chairman of the conference committee whether it would be his interpretation that the words 'or products thereof' following the words 'surplus agricultural commodities' would include meat and meat products.

"Mr. WILEY. My recollection of the discussion on that point is rather vague. So much was said in 3 days I am not clear in my recollection.

"Mr. GEORGE. If the Senator will permit me, I should like to say that we were told that meat and meat products would be included. They said they were actually already furnishing lard and oil and certain meat products.

"Mr. CASE. Canned meats and gravies.

"Mr. GEORGE. Yes. That is my understanding.

"Mr. KNOWLAND. Mr. President, as one of the conferees, I will say, for what it may be worth, that the language is sufficiently broad to cover meat and meat products as an agricultural commodity.

"Mr. CASE. I appreciate the contribution which has been made by the remarks of the chairman of the conference committee, by the Senator from Georgia, the ranking minority member of the Committee on Foreign Relations, and by the acting majority leader. Their statements, made here in direct answer to my question, should provide the interpretation which will guide the administrators of the act. I thank the Senators for their contribution."

The Mutual Security Appropriation Act of August 7, 1953, made provision for section 550 as follows:

"Sec. 104. Of the funds appropriated by this act, except funds appropriated for assistance under sections 541 and 548 of the Mutual Security Act of 1951, as amended, not less than \$100 million shall be used to carry out the provisions of section 550." (67 Stat. 481, Public Law 216, 83d Cong.)

PUBLIC LAW 216 (S. 2249, IN LIEU OF H. R. 6016),
—83D CONGRESS

On June 30, 1953, President Eisenhower sent a message to Congress asking for general legislation giving to the President authority to make available to friendly and needy countries surplus agricultural commodities under such terms and conditions as the President sees fit. Such commodities were to be turned over to the President by the Commodity Credit Corporation and that Corporation reimbursed to the extent of its investment in the commodities. Bills (S. 2249 and H. R. 6016) were immediately introduced, June 30, 1953, by Mr. Aiken in the Senate and Mr. Hope in the House to carry out the desires of the President as stated in his message. Both bills carried an unlimited authorization for appropriations and an expiration date of June 30, 1955. (Vol. 99 CONGRESSIONAL RECORD, pp. 7614-7615; text of Message of President, June 30, 1953, printed at p. 7614 and in S. Rept. 642 on S. 2475 and in H. Rept. 983 on H. R. 6016 and separately as H. Doc. 202, 83d Cong.)

S. 2249 became Public Law 216, upon being approved August 7, 1953. As enacted there were only three changes of importance, namely (1) the termination date was shortened to March 15, 1954, (2) the appropriation was limited to \$100 million, and (3) the Flanders amendment made it possible to give aid to friendly but needy populations without regard to the friendliness of their government. Mr. Flanders first offered his amendment on July 8, 1953, and it was referred to the Senate Agriculture Committee and later appeared as committee amendments to S. 2249 and H. R. 6016 when the respective bills were reported. (See CONGRESSIONAL RECORD, vol. 99, p. 8173 for text of the Flanders amendment; also see S. Rept. 631 and H. Repts. 983 and 1070, 83d Cong., 1st sess. Public Law 216, 83d Cong., ch. 349, 1st sess.)

At the Senate Agriculture Committee hearings on July 16, 1953, the spokesman for the State Department explained that aid under S. 2249 would normally "be in the form" of a grant "but the language was sufficiently flexible to allow the President "in certain cases to provide for the establishment of a special fund of local currencies from the proceeds of local sales of the commodities." Senate Committee on Agriculture. (Hearings on S. 2249, July 16, 1953, 83d Cong., 2d sess., p. 3.)

On July 13, 1953, just 3 days prior to hearings on this bill (S. 2249), the conference report on the Mutual Security Act of 1953 [S. 2128 and H. R. 5710] had been reported

back to the Senate by the Foreign Relations Committee conferees and there was a colloquy engaged in by Messrs. Case, Wiley, and Knowland to determine whether the Case modification of the McClellan amendment had been approved in conference. The Case modification would have included meat and meat products as well as livestock in the program authorized by section 550 of that act. The modification had been approved by the Senate. At the hearings on July 16, 1953 on S. 2249 this question was again raised as to whether S. 2249 would apply to cattle and it was determined it did not include cattle. Senate Committee on Agriculture. (Hearings on S. 2249, p. 17.)

S. 2249 also lacked any specific provision for requiring payment for the surplus commodities though Mr. MUNDT at the hearings suggested that the bill be amended by adding:

"* * * a second title provides that a mechanism be established whereby we can assure foreign countries that nothing is going to be dumped upon them because we will then require them to pay for certain amounts of Commodity Credit Corporation stocks which they might desire and require, but which their conditions of urgency do not justify giving to them free.

"Therefore, we make it possible for them to pay for them in the currency of their own land or in products which they have in surplus or in products which they have that we require." Hearings (Ibid., p. 18).

The hearings held by the Agriculture Committees of both the House and Senate on these bills (H. R. 6016 and S. 2249) indicated that sentiment in both Houses had shifted toward the idea originally incorporated in the Case bill (S. 1230), that of "trade not aid" by exchanging surplus agricultural commodities for foreign currencies rather than giving them away. The Senate Agriculture Committee, therefore, expressed this caution in reporting S. 2249 favorably on July 24, 1953:

"The committee realizes that the furnishing of assistance of this sort must necessarily have some effect on the economy of the recipient country, as well as exporting countries, commercial suppliers, and others. The desire of the committee is simply to furnish aid on behalf of our Nation to those in need, and such aid should be furnished in such manner as to avoid all possible injury to the domestic economy of any friendly country or the channels of commercial trade. To the maximum extent practicable consistent with good business practices and the purposes of the act, the normal channels of trade should be utilized in carrying out the act.

"In order that Congress may be fully advised on the manner in which any programs under the bill may be working the committee intends to request a full report thereon shortly after Congress convenes in January." (S. Rept. 631, 84d Cong., 1st sess.)

S. 2249 passed the Senate July 27, 1953, after its title had been amended to read: "A bill to enable the President, during the period ending March 15, 1954, to furnish to peoples friendly to the United States emergency assistance in meeting famine or other urgent relief requirements." (Vol. 99 CONGRESSIONAL RECORD, pp. 9905-9926.) H. R. 6016 passed the House on July 29, 1953, but the proceedings were vacated and the House passed S. 2249 in lieu of H. R. 6016. (Vol. 99, CONGRESSIONAL RECORD, pp. 10382-10407.) S. 2249 was approved by the President on August 7, 1953, and became Public Law 216, 83d Congress (67 Stat. 476).

Public Law 216 authorized the President to use not to exceed \$100 million of Commodity Credit Corporation commodities to meet famine or other urgent relief requirements in other countries.

No program of assistance was to be undertaken after March 15, 1954. An appropri-

tion to the Corporation for the commodities so disposed of was authorized. No provision was made for selling the commodities; rather they were to be given away. (Vol. 99, CONGRESSIONAL RECORD, pp. 9906 (Mr. AIKEN) and 10399 (Mr. JUDD); and H. Rept. (conference) 1070, 83d Cong., 1st sess.)

The legislative history of H. R. 6016 (companion bill to S. 2449) shows that during the debate on this bill it was pointed out that an amendment to the Mutual Security Act of 1952 permitted the use of \$100 million to furnish food supplies to foreign countries. Although the question of selling surplus commodities for foreign currencies was discussed in the House in connection with H. R. 6016 no amendment was actually offered. It will be noted that on July 28, 1953, the day before the House passed S. 2449 (in lieu of H. R. 6016), the Senate passed S. 2475, providing for the sale of agricultural commodities in foreign countries in accordance with the provisions of the Mutual Security Act of 1951, as amended by Public Law 118 of the 83d Congress, with an amendment by Senator GORE to remove language placing limitations on funds available for conversion of foreign currencies into dollars to pay for surplus commodities. (Vol. 99, CONGRESSIONAL RECORD, pp. 10075-10088, 10398.)

During the debate on H. R. 6016 on July 29, 1953, Mr. JUDD advised the House as he had previously advised the House Agriculture Committee on July 23, 1953, concerning his draft of a bill similar to S. 2475. Mr. JUDD had not yet introduced his bill at the time but he did so later on August 3, 1953, his bill being H. R. 6845. (See p. 68 ff., hearings on H. R. 6016, entitled "Famine Relief" held on July 22, 23, and 24, 1953, by House Committee on Agriculture for statement by Mr. JUDD on his version (H. R. 6845) of S. 2475.) Later, during the second session, on March 8, 1954, Mr. JUDD introduced a revised version of his own bill (H. R. 6845), his later bill being H. R. 8270.

"I submitted a bill as a second title to the bill before us which would use agricultural surpluses to expand our foreign markets by expanding free world economies by promoting additional trade and strengthening the economies of cooperating nations. It would authorize the President to make agreements with friendly countries to sell surplus commodities for foreign currencies where that can be done without displacing usual markets, at not less than maximum world prices, and where he can use the currencies received to expand production in friendly countries, increase trade between them and between them and ourselves. It would use private trade channels wherever practicable.

"The bill in substance was adopted in the conference on the Mutual Security Act. But it is limited there to funds appropriated under that act. The bill was adopted by the Senate yesterday. Unfortunately, the Committee on Agriculture decided not to act upon it at this time and to put it over until next session * * *." (Vol. 99, CONGRESSIONAL RECORD 10399 (statement of Mr. JUDD, July 29, 1953).)

On July 23, 1953, at the hearings before the House Committee on Agriculture during the first session of the 83d Congress Representative JUDD gave an analysis of the legislative situation at that time in regards to the bills and acts relating to surplus agricultural commodities. He was testifying on his bill (not yet introduced) which he offered the committee in mimeographed form as an amendment to H. R. 6016. The Committee failed to adopt his amendment and he later explained that on July 29, 1953, when H. R. 6016 passed the House in lieu of S. 2449. At the hearings of the Agriculture Committee Mr. JUDD stated:

"Mr. JUDD. * * * I understand this bill [H. R. 6016] is primarily for relief of people in urgent need. In the foreign-aid bill that

was passed a year ago there was an amendment sponsored by Mr. Ribicoff, of Connecticut, and myself, which covers that very item referred to yesterday, of use of agricultural commodities, or anything else for that matter, for psychological purposes.

"It provided that—

"Not more than \$100 million of the funds made available under the Mutual Security Act of 1952, of which not more than \$20 million may be allocated to any one country, may be used or supplied without regard to any conditions as to eligibility contained in this act."

"The language is broader than the language of this bill [H. R. 6016] because that allows aid to be given even to people in unfriendly countries, and we did that deliberately because we hoped that something might develop like what is happening in East Germany. * * *

"The President was required to notify the Committee on Foreign Affairs in the Senate and House on making such determinations. His offer of a grant of \$15 million of food to people in East Germany was made under that authorization passed just about a year ago.

"Mr. ANDRESEN. Is that the first time that has been used?

"Mr. JUDD. Yes. It has been there a year, and this is the first time it has been used.

"Mr. ANDRESEN. So they have that \$100 million not used?

"Mr. JUDD. They have \$85 million still unused. As I say, that is broader than this bill because he can even give it to unfriendly countries, unless you modify this bill, as Senator Flanders has done in the Senate, to make it possible to give aid to peoples that are friendly, even in a country whose government is not friendly. If this bill is passed, I certainly think that Flanders' amendment or something comparable should be included.

"Mr. JUDD. * * * the other limitation—and this is the main one in which I am interested today—that I think ought to be added to the Hope bill would be in the form of another title. I have passed around mimeographed copies of what I suggest as a second title to the bill. On the bottom of the first page, section 103, I would put a limitation in the Hope bill [H. R. 6016] to provide that the President should use the Hope bill [H. R. 6016] to give these surplus commodities away only after he has determined that it would not be better to use the method of transfer on a trade basis, which is provided in the new title. * * *

At the beginning of the debate on S. 2475 in the Senate Mr. SCHOEPEL explained:

"The Committee on Agriculture and Forestry, having considered the bill, as it is specifically stated in the report [S. Rept. 642], reports the bill [S. 2475] and recommends that it do pass without amendment. Senators who serve on the Committee on Agriculture and Forestry and other Senators also, I am sure know that the Senate had before it during this session a number of bills authorizing the barter or sale for foreign currencies, of surplus agricultural commodities.

"Farm organizations, various Senators, and others have evidenced considerable interest in these proposals; and section 550 was added to the Mutual Security Act of 1951 at this session [first] to provide for such sale. While the Department of Agriculture, as set out in exhibit A of this report, believes that section 550 is sufficient at this time, your committee feels that the additional authority provided by the bill is necessary if we are to make an adequate attempt to discover whether sale for foreign currencies presents a profitable avenue for disposing of surplus agricultural commodities and for expanding world trade.

"The Commodity Credit Corporation has in prospect by the end of the year an investment in stocks owned or under purchase agreement of approximately \$5 billion. S. 2475 is the only proposal brought before this body this session that comes to grips in a realistic way with this very urgent problem.

"In dealing with surplus agricultural products we have 1 or 2 alternatives—either shrink the agricultural plant of this country to existing markets, which we have learned in the last few weeks is a most unsatisfactory approach politically and is dangerous economically. The other alternative is to seek to develop means to increase exports and reinforce the mutual security program, to protect our existing markets and create new ones. S. 2475 with an authorization would achieve these objectives. * * *

"The recently enacted Mutual Security Act of 1953 contained a provision to authorize the President to enter into agreements with friendly countries for the sale and export of surplus agricultural commodities and accept for them local currency for the account of the United States. It provides that in the negotiation of the agreements, the President would take special precaution to safeguard the existing markets.

"The section further provides that the local currencies received by the United States for agricultural products sold are to be used (a) for providing military assistance, such as to the North Atlantic Treaty Organization and for Indochina; (b) for the purchase of goods or services needed in other friendly countries; (c) for loans for increasing production, including strategic materials; (d) for developing new markets for agricultural products; (e) for grants-in-aid to increase production; and (f) for stockpiling materials needed by the United States.

"Section 550 of the Mutual Security Act sets the framework within which agricultural markets can be expanded. S. 2475 authorizing \$500 million will give sufficient money to give this new concept of expanding agricultural markets a full test.

"Senate bill 2475, in addition to providing the half billion dollars to effectuate section 550, establishes a procedure which will assure that the majority of the sales will be made through private traders rather than on a State trading basis." (Vol. 99, CONGRESSIONAL RECORD, pp. 10077-10078.)

PUBLIC LAW 480 (S. 2475), 83D CONGRESS

The Senate passed S. 2475 during the 1st session of the 83d Congress on July 28, 1953. Final action was had during the second session and the bill became Public Law 480.

S. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the United States.

Introduced by Mr. Schoeppel (for himself, Mr. Anderson, Mr. Clements, Mr. Eastland, Mr. Hoey, Mr. Johnston of South Carolina, Mr. Mundt, Mr. Aiken, Mr. Thye, Mr. Welker, and Mr. Young); referred to Committee on Agriculture and Forestry, July 24, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 9723.)

The bill, being a committee bill, was immediately reported (S. Rept. 642), July 24, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 9724.)

Objected to, July 27, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 9892.)

Debated, amended, and passed Senate, July 28, 1953. (Vol. 99, CONGRESSIONAL RECORD, pp. 10075, 10077-10088.)

Referred to House Committee on Agriculture, July 29, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 10433.) 2d session, as follows:

Reported (H. Rept. 1776) with amendment, June 9, 1954. (Vol. 100, CONGRESSIONAL RECORD, p. 7552 [daily ed.].)

Debated, June 15-16; amended, passed House, and title amended to read "An act to increase the consumption of United States agricultural commodities in foreign countries, and for other purposes," June 16, 1954.

(Vol. 100, CONGRESSIONAL RECORD, p. 7936 [daily ed.])

Senate asks for conference, June 22, 1954.

House agrees to a conference, June 22, 1954.

Conference report (H. Rept. 1947) submitted to House, June 29, and adopted June 30, 1954, by the House after an explanation by Mr. HOPE of the changes made in conference in section 302. (Vol. 100, CONGRESSIONAL RECORD, pp. 8673-8675 [daily ed.] (text of report), 8878 (explanation of sec. 302).)

Conference report (H. Rept. 1947) submitted in Senate with explanation by Mr. AIKEN and adopted without debate, June 30, 1954. (Vol. 100, CONGRESSIONAL RECORD, p. 8804 [daily ed.])

Signed by President, July 10, 1954, becoming Public Law 480, 83d Congress.

Public Law 480 authorizes the disposal of up to \$1 billion worth of surplus agricultural commodities as follows:

"1. Authorizes negotiations of agreements with friendly nations and organizations abroad for sale of surplus commodities for foreign currencies. This section authorizes spending up to \$700 million over the next 3 years to reimburse the Commodity Credit Corporation for such transactions.

"2. Makes \$300 million worth of such commodities in the same period available to friendly nations in meeting famine or other emergency requirements.

"3. Authorizes the CCC to make surplus commodities available in the United States in areas declared by the President to be distress areas. It also broadens existing authority to permit these commodities to go to the Bureau of Indian Affairs, school lunch programs, and public and private agencies for assistance to needy persons."

In the Senate, Mr. AIKEN, on June 30, 1954, explained how the bill had been rewritten in conference:

"S. 2475 as it passed the Senate provided for the sale of surplus agricultural commodities for foreign currencies, and for the use of the foreign currencies so acquired for the purposes set out in subsections (b), (c), (d), and (e) of section 550 of the Mutual Security Act of 1951. The House amendment, which was in the nature of a substitute for the Senate bill, consisted of three titles. Title I revised and refined the provisions of the Senate bill. Title II added provisions for the transfer of up to \$300 million worth of surplus commodities for famine and other foreign relief. Title III added (1) permanent provisions for the use of surplus agricultural commodities for domestic and foreign relief and for barter for strategic materials, (2) a limitation upon sales and transfers which might aid Iron Curtain countries, and (3) a provision for the appropriate marking of relief packages. Programs under titles I and II could be undertaken only until June 30, 1957.

"The conferees agreed upon a substitute for the House amendment which, while following generally the language of the House amendment, would—

"1. Require the President to take reasonable precaution that sales for foreign currencies under title I would not unduly disrupt world prices;

"2. Provide for the sale and financing of exportation of such commodities by the Commodity Credit Corporation in accordance with regulations, rather than directions, of the President;

"3. Provide for financing the exportation of privately owned commodities, even though Commodity Credit Corporation might be in a position to supply such commodities, upon condition that the private stocks then be replenished from the Corporation's inventory;

"4. Reduce the amount authorized for sales for foreign currencies from \$1 billion to \$7 million;

"5. Limit the purposes for which the foreign currencies could be expended without regard to section 1415 of the Supplemental Appropriation Act, 1953 (which requires their appropriation), to the purposes enumerated in section 104, rather than to all of the purposes set forth in section 2;

"6. Make said section 1415 applicable to all foreign currencies used for grants under subsections (d) and (e) of section 104 and for payment of United States obligations involving grants under subsection (f) of section 104;

"7. Provide that in making grants under section 202 the President should avoid displacing or interfering with sales that might otherwise be made;

"8. Strike out section 203, which would have permitted the use of \$100 million worth of surplus agricultural commodities without regard to the Mutual Defense Assistance Control Act of 1951;

"9. Enlarge section 301 to permit relief in domestic distress areas in the form of products (such as Cheddar cheese and non-fat dry milk solids), as well as farm commodities, and give the Department of Agriculture the responsibility of supervising distribution of commodities under this section consistent with the supervision that it exercises under section 32 of Public Law 320 of the 74th Congress;

"10. Perfect the amendment made by section 302 to section 416 of the Agricultural Act of 1949 and strike out State or Federal penal and corrective institutions as eligible recipients;

"11. Strike out section 303, which would have made State penal and corrective institutions eligible recipients for commodities distributed with section 32 funds;

"12. Enlarge section 304 (sec. 303 of the conference substitute) to provide for barter for materials required in foreign-assistance programs or offshore construction and to require procurement agencies to cooperate in disposing of surplus commodities by means of such barter; and

"13. Revise section 305 (sec. 304 of the conference substitute) to require the President to exercise the authority contained in the act (A) to assist friendly nations to be independent of trade with Iron Curtain countries for food, raw material, and markets, and (B) to assure that commodities sold or transferred under the act do not result in increased availability to unfriendly nations of those or like commodities.

"The conference committee also made several minor changes in language and amended the title of the bill to read: 'An act to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.' (Vol. 100, CONGRESSIONAL RECORD 8804 [daily ed.])

On the same day Mr. Hope explained to the House the changes made in conference in section 302:

"Mr. HOPE. There was a slight change made in conference in section 302. It broadens the authority somewhat to use surplus commodities to barter for strategic and other materials not produced in adequate quantities in the United States. That is the only difference that is made as far as strategic materials are concerned.

"Mr. BAILEY. The strategic materials we can trade for are those not produced in the United States.

"Mr. HOPE. Not necessarily those not produced in the United States. I will read the language to the gentlemen. In the statement of the conferees we made it clear that the interpretation is that surplus commodities may be bartered for materials which are not produced in adequate quantities in the United States. That is the interpretation

which the House put on the language contained in the bill.

"Mr. BAILEY. There is no other change made affecting section 302?

"Mr. HOPE. There are some other slight changes in section 302, but not affecting strategic materials.

"Mr. Speaker, to more directly answer the gentleman's question as to the provision in the conference bill, the language which relates to barter reads as follows:

"To barter or exchange such commodities for strategic or other materials as authorized by law."

"Then in our report of the House conferees, we state that that is to apply to strategic materials which are not produced in adequate quantities in the United States. So I think that protects the gentleman in the respect in which he is interested." (Vol. 100, CONGRESSIONAL RECORD, p. 8878 [daily ed.])

In addition to the above bills the following bill was introduced during the first session of the 83d Congress:

H. R. 6845, to authorize the President to use agricultural commodities to improve the foreign relations of the United States, and for other purposes.

Introduced by Mr. JUDD, referred to Committee on Agriculture, August 3, 1953. (Vol. 99, CONGRESSIONAL RECORD, p. 11164.)

During the second session of the 83d Congress, the House, besides passing S. 2475, received the following bills for the "Agricultural Trade Development Act of 1954": H. R. 8267 (Mr. Harrison, March 8, 1954); H. R. 8268 (Mr. Harrison, March 8, 1954); H. R. 8269 (Mr. Burleson, March 8, 1954); H. R. 8270 (Mr. Judd, March 8, 1954); H. R. 8271 (Mr. Poage, March 8, 1954); H. R. 8278 (Mr. D'Ewart, March 8, 1954); H. R. 8327 (Mr. Horan, March 10, 1954); H. R. 8396 (Mr. Springer, March 15, 1954); and H. R. 9389 (Mr. Hill, June 1, 1954).

The bills (H. R. 8268, etc.) for the "Agricultural Trade Development Act of 1954" are summarized as follows:

"Agricultural Trade Development Act of 1954, declares policy of Congress to expand international trade between the United States and friendly nations, to facilitate the convertibility of currencies, to promote the economic stability of American agriculture and the national welfare by stimulating and facilitating the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the normal trade in such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. In furtherance of this policy the President is authorized to negotiate agreements with friendly nations, and to make loans to such nations to finance the sale and export of surplus agricultural commodities from the United States. The Secretary of Agriculture is directed to (1) designate the quantities and qualities of private or Commodity Credit Corporation stocks which may be offered for sale and the terms of such sale, (2) order the transfer of funds from the Commodity Credit Corporation to the Export-Import Bank of Washington to convert foreign currencies into dollars, (3) to order the Commodity Credit Corporation to sell to domestic exporters, surplus agricultural commodities acquired in the administration of its price-support programs, and to deliver such commodities as may be sold at such places within the United States as may be prescribed. For the purpose of making payment to Commodity Credit Corporation for costs incurred by it to carry out the provisions of this act, the Secretary of the Treasury is authorized to cancel notes of the Commodity Credit Corporation in amounts equal to funds transferred under (2) above. The authority to make sales and loans under this act terminates June 30, 1957; and the

amount of such sale and loans shall not exceed \$1,500,000,000."

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed at this point in the RECORD some brief remarks I have prepared, giving my reasons for supporting the bill. Because of the lateness of the hour I shall place the statement in the RECORD, without speaking.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SALTONSTALL

I shall vote in favor of S. 2130 because I believe it is a bill which will improve our programs for mutual security and the development of freedom and economic progress in other nations.

The report of the Committee on Foreign Relations on this bill is one of the best committee reports I have ever read. Under the legislation now before us the mutual security program will be simplified and clarified and it will carry out better than it has in the past the purposes for which the program is intended.

The provision giving an authorization for 2 years for military aid and defense support will permit better planning and better coordination of our programs with those of free nations. The new arrangement for administration of military and supporting aid by the Department of Defense, with stronger foreign policy direction by the Department of State, will give clearer and more appropriate administration.

The proposal for a development loan fund will improve the efficiency of the economic assistance programs and will also remove the possibility of embarrassing some of our friends by the so-called gift aspects of foreign aid. Here again is an opportunity for better planning through the establishment of this fund. For example, our own planning can be tied in with such other programs as the 5-year development program in Pakistan and in other instances where we have been handicapped in the past through lack of flexibility under a 1-year limitation on this type of planning.

Technical aid is continued under the bill. I have always been in favor of technical aid because of what I have seen of it in other countries and because I support the theory under which it operates. It operates not only to increase the abilities of countries receiving it to better their standards of living and thereby to govern themselves more capably, but it also provides better opportunities for mutual trade and commerce between these nations and the United States.

As a member of the Special Committee To Study the Foreign Aid Program, I believe that the bill reflects the increased knowledge which the Congress and the executive department have concerning our mutual security program and the necessity of continuing it.

In my opinion the bill is an effective instrument of reducing the threat of Communist aggression. I shall look forward with a great deal of interest to the hearings on the appropriations to carry out these authorizations.

I would like to repeat the last two paragraphs of the report of the Committee on Foreign Relations which fully reflect my own feelings.

"Considering the enormous size and complexity of the mutual security program, it is rather remarkable that it has been possible, in the space of a year, to make as much improvement as S. 2130 represents. Continuing improvements can reasonably be expected.

"The committee, which has devoted most of its time for almost a year to the study of this problem, sees no reasonable alternative to the bill herewith submitted to the Senate. It is likewise convinced that the American people are sufficiently mature and aware of the world situation which they face to give their support to a program of this character."

Mr. JAVITS. Mr. President, I call up my amendment designated "6-10-57-D" and asked that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 43, between lines 15 and 16, it is proposed to insert the following new subsection:

"(m) At the end of section 416, which relates to facilitation and encouragement of travel, add the following: 'To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this act.'"

Renumber subsequent subsections.
On page 47, line 23, after "400," insert "416."

Mr. JAVITS. Mr. President, I yield myself 5 minutes in which to explain the amendment.

Section 416 relates to the facilitation and encouragement of travel, and was included in the Mutual Security Act of 1954. I had the honor of being the author of the section when I served in the other body.

Under that section, the President designated the Department of Commerce to do all it could to promote and develop travel by citizens of the United States to countries receiving assistance under the act, and travel by citizens of such countries to the United States. Such an office was financed with a modest appropriation, which I think at that time amounted to about \$35,000 a year. I think the office has been continued at that rate.

The purpose of my amendment is simply to apprise Congress again of the progress that has been made, of the barriers still existing, and of what Congress can do about those barriers.

International travel is the cheapest kind of foreign aid. One and one-half million Americans spend \$1,500,000,000 abroad. Lest we underestimate what that means to a particular country, this is the greatest single export of Great Britain. Great Britain received \$134 million from this invisible export, which involves investment in the occupancy of rooms, the consumption of some food, and the use of the great and beautiful country of the British by many Americans in the year 1956. That was about \$58 million more than its other largest export, which was machinery.

It might interest my colleagues to know that the third largest export was

Scotch, which came to \$71 million a year.

The purpose of my amendment, which will cost no money, because the agency already exists and is functioning, and is already financed, is to bring us up to date on this critical problem. There are a number of areas to which our attention should be directed.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. JAVITS. Certainly.

Mr. GREEN. I think I told the Senator from New York a short time ago that I would be glad to accept the amendment. I have not had an opportunity to consult with all the members of the committee, but I spoke with several of them, and I am sure their views represent those of the majority, probably all of them.

Mr. JAVITS. I am very grateful to my colleague. I appreciate his consideration very much.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. JAVITS. I yield back the remainder of my time.

Mr. CAPEHART. I yield back my remaining time.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from New York [Mr. JAVITS] is agreed to.

Mr. ELLENDER. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 24, line 8, it is proposed to strike out all after the period, beginning with the word "There", down to and including line 12.

Mr. ELLENDER. Mr. President, the Senate has already passed on a similar amendment affecting another appropriation, and the purpose of this amendment is to limit the authorization to 1 year instead of allowing 2 years in which to make appropriations.

I point out that the amendment is in conformity with the recommendations of the Senate Special Committee To Study the Foreign Aid Program.

Mr. REVERCOMB. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. REVERCOMB. Will the Senator state the page of the bill to which his amendment applies?

Mr. ELLENDER. It applies to page 24, line 8.

Under the bill as presently written, an appropriation of \$1,800,000,000 is authorized for fiscal 1958. The language I seek to strike from the bill is the portion which would authorize an appropriation for fiscal year 1959. As I have just indicated, the Senate previously passed upon a similar proposal relating to defense support funds—and I may say it did so adversely. But in this case I wish to call attention to the fact that when the Senate Special Committee To Study the Foreign Aid Program made its report, it stated in no uncertain terms as follows:

Congress should consider this carefully—

In other words, when speaking of the Department of Defense—

but such appropriations should be authorized annually, and should be clearly earmarked.

Mr. President, the amendment is simply for the purpose of carrying out the views of the special committee which we created during the last session of Congress, and which as I recall had authority to spend as much as \$300,000 for the purpose of making its study. The amendment I am now offering is in conformity with that study.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. Earlier today the Senate voted on a very similar amendment applying to the defense support, and relating to \$710 million.

This part of the bill deals with military and the purpose is to enable the administration to try the suggestion of integrating this military program with its own military budget, and bringing them together, next year, rather than to wait until this authorization has been made.

It will be noted that the amount authorized for 1959 is reduced from \$1,800,000,000 to \$1,500,000,000. If any more than \$1,500,000,000 were sought, a further request would have to be made of the Congress.

But this language provides an opportunity, within that authorization, to include this provision in the regular Defense Department appropriation. The committee feels it is certainly worth a trial—I do not see how it could possibly do any harm—to see whether these can be melded together and brought before the Congress in connection with the regular appropriation.

Therefore, Mr. President, I hope the Senator from Louisiana will not insist upon his amendment.

Mr. ELLENDER. Mr. President, I have no doubt that if the amendment is rejected, its rejection will simply have the effect of informing our allies in Western Europe and our allies everywhere else in the world that we have authorized funds for fiscal year 1959. In that event, our allies will do less and less for themselves, and will be more and more dependent upon us.

I sincerely believe that the special committee was absolutely correct when it stated that these authorizations should be made on an annual basis, rather than for 2 years, as proposed in the pending bill.

Mr. CAPEHART. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. CAPEHART. The committee referred to the appropriations, and the appropriations will be made annually.

Mr. ELLENDER. But in this case we are dealing with authorizations. The bill, as it now stands, will give our allies notice that they will not have to do very much themselves in 1959 because we shall already have provided the funds in advance.

Mr. CAPEHART. Those of use who have been fighting to get this into the

hands of the military have been trying to arrange things so that next year, when the appropriation for the military is provided, what we may call the domestic and the foreign will be in the same appropriation bill, and will be handled at the same time by the Appropriations Committee, so that both can be considered at the same time. Unless we include this language in the bill, that purpose cannot be accomplished.

Mr. ELLENDER. I say to the Senator that the Defense Department now administers military aid. The Defense Department makes the aid budget. This bill would not change in any way the function of the Defense Department in that regard. Be that as it may, it is my hope that this appropriation will continue to be made separately from the appropriation for the Defense Department, and I have an amendment to accomplish that purpose.

Mr. CAPEHART. It will be in a separate chapter.

Mr. ELLENDER. I much prefer that these authorizations be made annually, and in the same manner as they have been made in the past.

Mr. AIKEN. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. AIKEN. This authorization of \$1,500,000,000 for 1959 is not for the purpose of advising our allies that plenty of money will be available next year. Instead, it is for the purpose of advising our allies, and our own Military Establishment, that less money will be available next year, and that they should make their plans accordingly.

Mr. ELLENDER. Mr. President, let me say to my good friend, the Senator from Vermont, that 2 years ago, we spent, as I recall, two billion, eight hundred million and some-odd thousand dollars. That was the appropriation we made for the fiscal year 1955. For the fiscal year 1956, President Eisenhower requested an increase of nearly 600 million. Instead of having this aid programs of ours taper off, it is on the increase.

The suggestion to our allies that we are providing funds for 2 years, instead of for one—as we have done in the past, will simply be an invitation to them not to do as much for themselves as they ought to do.

Mr. HUMPHREY. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. There is an old adage that there's many a slip between the cup and the lip. There is another adage in the United States Senate that there is a great deal of difference between authorizations and appropriations.

Mr. ELLENDER. Yes.

Mr. HUMPHREY. As a matter of fact, many projects have been authorized for years, but not a nickel has ever been appropriated for them.

So if our allies need any assurance that there is a difference between authorizations and appropriations, we can present them with a very effective list.

The point which needs to be made is that the Joint Chiefs of Staff, in preparing the military budget for the United States of America, will, under the provisions of the bill as it now stands, be preparing only one budget, the annual budget. As a result, it will be possible to have before the Appropriations Committee the entire military requirements of the Nation.

At the present time there is a military budget which relates to the Armed Forces, and there is a military budget which relates to our military assistance.

By means of the pending bill, we shall place squarely on the Joint Chiefs of Staff the responsibility of deciding whether Andrews Field, in nearby Maryland, should be improved, or whether an airfield in Turkey should be improved, or whether an airfield in Spain should be improved; everything of that sort will be included in one bill.

Mr. ELLENDER. But the military already prepares the foreign military assistance bill, and does it separately from our own Defense Department appropriation bill.

Mr. HUMPHREY. But my point is that when they are treated together, the judgment which will be arrived at will be different from that which is reached when they are considered months apart, as separate items.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Does the Senator from Louisiana yield back the remainder of the time available to him?

Mr. ELLENDER. Yes, Mr. President; I yield back the remainder of the time available to me.

Mr. CAPEHART. I yield back the time remaining to the opposition.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 24, beginning in line 14, it is proposed to strike out through line 5, on page 25, as follows:

(3) In subsection (c), add at the end thereof the following new sentence: "When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within 3 years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175 million of the appropriations used for such assistance."

Mr. ELLENDER. Mr. President, the purpose of this amendment is to strike

out the portion of the bill which creates a revolving fund for the military.

Section 103 (c) of the present law now provides that when military assistance appropriations are used to furnish assistance upon terms of repayment within 10 years or earlier, such aid may be rendered without regard to certain other requirements of the law, to nations from which the President has received satisfactory commitments regarding the use of the military equipment.

Under this committee bill, it is provided that when military assistance appropriations are used to furnish assistance upon 3-year terms of repayment, repayments in dollars will continue to be available to finance further sales. In other words, in the case of any of the military hardware sold under the provisions of this bill, the cash can be reinvested, without having to return to the Congress for an appropriation. This means that since military aid is on a no-year basis, this revolving fund can go on forever. In addition, I wonder if it might not run afoul of the constitutional prohibition against providing money for the military for more than 2 years.

I believe as this military equipment is sold, the money should revert to the Treasury and then should be reappropriated, so that we can keep up with it. I hope the Senate will adopt this amendment.

Mr. President, I yield back all the time remaining to me.

Mr. CAPEHART. I yield back all the time remaining to the opposition.

The VICE PRESIDENT. All remaining time on the amendment has been yielded back. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

Mr. JAVITS. Mr. President, I call up my amendment identified as "6-10-57-C," which is at the desk, and I ask unanimous consent that the amendment be printed in the RECORD at this point, without being read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The amendment offered by Mr. JAVITS was on page 43, between lines 15 and 16, to insert the following new subsection:

"(m) Amend section 413 (b) (4) (B) (ii), relating to guaranties of investments in approved projects, by inserting after the word 'war' a comma and the following: 'revolution, or insurrection'."

Renumber subsequent subsections.

Mr. JAVITS. Mr. President, it is my intention, after making a brief statement, to withdraw the amendment and yield back the time remaining to me, but I should like to make reference to it. The amendment would propose to add, under the guaranty program for foreign-private investments, an additional item of risk—revolution or insurrection.

It is quite interesting that this body of Congress has never been willing to meet the other body on that question. We do now guarantee against inconvertibility, expropriation, and war. We do not guarantee against revolution or insurrection. Nevertheless, our guaranty program, which now has an authoriza-

tion of \$500 million, has been used only to the extent of \$150 million. There are a good many applications pending, amounting to about half a billion dollars. This proposal is very much to our interest. Everybody realizes the importance of private investments overseas.

Mr. President, I ask unanimous consent to have printed in the RECORD, as a part of my remarks a letter I received from the ICA, which shows the kind of pending applications exist today, and some of the difficulties of getting the loan fund in use.

My reason for not pressing the amendment is that I know now, after discussion it will not be accepted. There has been a rather longstanding difference between this body of Congress and the other body on this point. I hope very much, however, that some of my colleagues will take enough interest in this situation to use their influence with the conferees, in the hope that if the House puts the provision in the bill, the Senate will at long last agree to it, because I think it is an extremely desirable and important provision for encouraging private investments overseas on the part of United States citizens. I therefore ask unanimous consent that the letter from the ICA to which I have referred, and which is dated June 10, 1957, which bears on this subject, be printed in the RECORD as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERNATIONAL COOPERATION
ADMINISTRATION,

Washington, D. C., June 10, 1957.

Hon. JACOB K. JAVITS,
Senate Office Building,
Washington, D. C.
(Attention: Mr. Roy Millenson.)

DEAR MR. JAVITS: In the telephone conversation, June 5, with Mr. Charles B. Warden of the investment guaranties staff, Mr. Millenson asked whether we had any evidence of the part investment guaranties played in encouraging an investment.

Investors, as a rule, simply file applications and only infrequently make the type of collateral statement which would provide a good answer to this question. Presently, we have over 200 applications for contracts of guaranty, a great majority of them from well-known American companies, many the outstanding leaders in their fields. We can only assume that guaranties are important to them. Additionally, the desire to qualify, the willingness to modify investment plans if necessary to do so (longer term loans, for instance), are further indications.

We charge a fee of ½ percent for each separate guaranty. It is a significant charge. We believe these companies would not request investment guaranties and indicate willingness to incur such charges unless this insurance was an important factor and of some necessity.

We have had, however, some instances of applications wherein the agreement to invest is conditioned upon the American investor receiving the protection of the investment guaranties. Our best current examples occur in applications which are now pending. Our working rule is not to reveal the name of the investor or other information which might identify the pending project. This is for the investor's protection in circumstances of competition.

1. An American company controlling assets in excess of \$100 million stated in its ap-

plication that " * * * applicant entered into an agreement with * * * a German limited liability corporation * * *" covering the project. "The applicant's obligation under the agreement is conditioned upon its obtaining the ICA guaranties hereby requested."

2. A very large company in the mining field with regard to a project in Africa, conditioned its performance under the agreement as follows: "Upon receipt of ICA guaranties for which it might apply." Our current information is that the financial concern which will be the principal source of funds is insisting upon the protection of the investment guaranties.

3. A major international banking firm with many years of experience in foreign investing and interested in a wide range of projects, in explaining the value of the investment guaranty program to a foreign embassy stated that their company was considering several substantial industrial investments and that their board of directors was greatly impressed with the virtues of an investment guaranty. Whether the company would go ahead with the new investments might well depend upon having such an agreement. Additionally, they stated in a memorandum the following:

"It is a fact that the financial community in the United States tends to downgrade investments outside of the United States, the result being that it is more difficult to finance foreign projects than it is to finance domestic projects. The convertibility program made available by the International Cooperation Administration in Washington has a definite tendency to create a better climate for foreign investments and to facilitate the financing of projects abroad.

"Many United States investing firms feel that their favorable decision regarding the particular investments would be facilitated if there were available the type of contract offered by the ICA guaranteeing investors abroad against possible inconvertibility of local currencies into dollars. Other investing firms, while not expecting to avail themselves of such guaranties, feel that the availability of the program would be of positive benefit to the economy by encouraging a greater inflow of United States investment capital."

4. Another company conditioned its license agreement as follows:

"It is agreed between the parties hereto that, as a consideration precedent to this contract's becoming effective and binding, the Mutual Security Agency shall have given a guaranty with respect to the conversion into United States dollars of the royalty paid by the licensee to the licensor."

5. Again a company seeking to establish a project in a middle eastern country not now in the investment guaranty program stated that it believed that financing for its project amounting to about \$5 million could be obtained from certain New York financial houses provided " * * * an investment guaranty from the United States is received under the terms of the investment guaranties program."

6. Another company in the mining field in Latin America conditioned performance thus, " * * * of the present contract and all rights resulting from this shall be subject to the regulations of the investment guaranties program."

7. Recently, we completed an expropriation guaranty contract with an American oil company for an investment in exploration and drilling for petroleum in the country of Jordan. This contract was executed on January 3 of this year. There should be little question that the offer of an investment guaranty and the consistent encouragement of this investment by the two governments combined to bring about this investment in Jordan.

8. The fact that an investment guaranty is available has encouraged investors in numerous instances, whether or not they take the guaranties, as witnessed by the following quotation from a letter received this last week from an old line New York City company:

"We have received your letter of May 10 in which you ask why our company has decided to abandon its application for investment coverage under the ICA guaranty program.

"Basically we decided not to use your program because in our particular case we found the cost too high for the coverage afforded our investment. We hasten to add that we would be the last to generalize from our one case. We believe that the availability of the ICA guaranty encouraged us to make this investment and we shall give serious consideration to acquiring coverage for other foreign investments which we may make in the future.

"For the foregoing reasons we decided not to acquire either form of coverage under your program. In so doing, however, we wish explicitly to restate our belief that the ICA guaranty program serves a useful purpose in encouraging foreign investment by American industry and that, while we decided not to acquire coverage in this one instance, we may, in the future, wish to acquire coverage when making foreign investments either in Italy or elsewhere."

We believe these instances provide an interesting cross section on the attitudes of American investors toward the usefulness of the investment guaranties in encouraging foreign investments.

Sincerely yours,

GUILFORD B. JAMESON,
Deputy Director for Congressional
Relations.

Mr. JAVITS. I also call attention to a splendid report on the question of overseas private investments by the American Enterprise Association. Two outstanding recommendations were made, but not acted on, and I strongly recommend them.

The first recommendation is that any country that requires foreign aid assistance from the United States should sign a bilateral agreement, relating to guaranties for private investments overseas, which will be receptive. At this time we are making them in countries with which we do not have any such agreements. I think that is a mistake.

Second, we should consider the advisability of dropping the requirement that the Government give approval to projects under consideration in the guarantee program, because it is inhibiting the whole program.

I hope the committee will give their full consideration to the matter.

I withdraw the amendment.

The VICE PRESIDENT. The Senator from New York withdraws his amendment.

Mr. ELLENDER. Mr. President, I send an amendment to the desk, and ask to have it stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 51, after line 24, it is proposed to add the following:

(f) After section 549 add the following new section:

"Sec. 550. It is the policy of the Congress in authorizing appropriations for carrying out the provisions of this act that such ap-

propriations shall be made in a separate appropriation act, and that nothing contained herein shall be construed to authorize the making of such appropriations as a part of the appropriations for the Department of Defense."

Mr. ELLENDER. Mr. President, this amendment is self-explanatory. There has been much said about appropriations for foreign military aid and defense support being put in the Defense Department appropriation bill.

The committee states, in its report, that—

It is contemplated that defense support will be appropriated, along with military assistance, in a separate title of the Department of Defense budget, but the committee has added language to the bill (sec. 10 (a)) specifically requiring that defense support activities continue to be carried out only through the Secretary of State and his subordinates. This will insure that defense support will continue to be administered under the policy guidance of the Secretary of State. It will further reinforce the foreign policy aspects of the mutual security program.

This language is simply a declaration of policy that the appropriations to implement the bill will continue to be handled in one measure, as they are now.

I hope the amendment will be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage of the bill.

The yeas and nays were ordered.

Mr. MALONE. Mr. President—

Mr. CAPEHART. How much time does the Senator from Nevada wish?

Mr. MALONE. Fifteen minutes.

Mr. CAPEHART. I yield 15 minutes to the Senator from Nevada.

The VICE PRESIDENT. The Senator from Nevada is recognized for 15 minutes.

Mr. MALONE. Mr. President, what we are adopting tonight has been part of the program for 24 years.

Mr. AIKEN. Mr. President, what amendment is pending?

Mr. MALONE. Would the Senator like to have the floor?

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CAPEHART. We are on the bill now, are we not?

The VICE PRESIDENT. The Senator from Nevada is being recognized on the question of the passage of the bill. There is no amendment pending. The Senator from Nevada is recognized.

MARSHALL PLAN—ECA—MUTUAL SECURITY—1934
TRADE AGREEMENTS ACT—PAPER MONEY INFLATION—FREE TRADE—INFLATION—BILLIONS TO EUROPE AND ASIA—INTERNATIONAL SOCIAL-SEM—EXPENSE OF AMERICAN TAXPAYER

Mr. MALONE. Mr. President, in 1948 the Marshall plan was adopted. The 1948 Marshall plan drifted into the European Cooperative Administration—ECA—and merged into the Mutual Security Administration—MSA—which has been before the Senate for 2 days' debate. The name of the organization is changed often enough to throw the uninformed off the track—but the international Socialist principle of division of the wealth has never changed.

TRADE TREATIES—SO-CALLED ALLIES WITH RUSSIA AND HER SATELLITES

In 1948 the Senator from Nevada put a list of trade treaties into the RECORD that the beneficiaries under the Marshall plan had made with the eastern European countries later to be named by Mr. Churchill in a Missouri speech the Iron Curtain countries—principally Russia and the Balkan countries under her control.

Mr. President, I ask unanimous consent to have included in the RECORD as a part of my remarks an amended list of these treaties up to early 1957.

There are about 211 of these trade treaties presently in effect, Mr. President, that the nations within the organization for European Economic Cooperation (so-called allies), the OEEC countries, have with the countries of eastern Europe and Russia.

Mr. President, I submit the list for the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LATEST TRADE AND/OR PAYMENTS AGREEMENTS IN EFFECT BETWEEN COUNTRIES OF THE SOVIET BLOC AND THE FREE WORLD DURING 1955 AND 1956¹ AS AMENDED FOR 1957²

A. UNION OF SOVIET SOCIALIST REPUBLICS

I. Europe

Austria: "October 17, 1955, to October 16, 1960."

Belgium: "February 18, 1948-indefinite."

Denmark: May 15, 1956 to May 14, 1958.

Finland: January 1, 1956 to December 31, 1956.

France: January 1, 1956, to December 31, 1956.

Greece: July 28, 1955, to December 31, 1956.

Iceland: January 1, 1956, to December 31, 1956.

Italy: January 1, 1956, to December 31, 1956.

¹ Based on information available through May 18, 1956. Quoted data indicates first postwar agreement. Data in parentheses indicate date of signature, exact duration not specified.

² All agreements listed above include government to government trade and/or payments agreements as well as nongovernmental agreements when they assume the practical characteristics of the government to government agreements. Barter agreements and contracts are not included. In effect as of June 15, 1957.

Netherlands: July 2, 1948—*indefinite*.
 Norway: January 1, 1956, to December 31, 1956.
 Switzerland: "April 1, 1948—*indefinite*."
 Yugoslavia: January 1, 1956, to December 31, 1956.
 Turkey added, 1957.

II. Western Hemisphere

Argentina: January 1, 1955, to December 31, 1955.
 Uruguay: "July 28, 1954, to July 27, 1956."
 Canada: "February 29, 1956, to February 28, 1959."

III. Near East and Africa

Afghanistan: July 1, 1955, to June 30, 1956.
 Egypt: March 27, 1955, to March 26, 1956.
 Iran: April 1, 1955, to March 31, 1956.
 Israel: "February 18, 1954—*indefinite* (payments only)."
 Lebanon: September 11, 1955, to September 10, 1956.
 Syria: "April 3, 1955, to April 2, 1957."
 Yemen: March 8, 1956.

MOROCCO

IV. South and southeast Asia

Burma: July 1, 1955, to June 30, 1960.
 India: January 1, 1956, to December 31, 1956.
 Pakistan, Cambodia, Indonesia.

B. ALBANIA

I. Europe

Italy: "October 1, 1955, to September 30, 1956."
 Yugoslavia: January 1, 1956, to December 31, 1956.
 Africa-Syria.

C. BULGARIA

I. Europe

Austria: November 1, 1955, to October 31, 1956.
 Belgium: "April 21, 1947"; extended to April 1956.
 Denmark: "January 28, 1948"; extended to January 27, 1956.
 Finland: January 1, 1956, to December 31, 1956.
 France: July 28, 1955, to July 27, 1956.
 German Federal Republic: April 1, 1955, to March 31, 1956.
 Greece: January 1, 1956, to December 31, 1956.
 Italy: January 1, 1956, to December 31, 1956.
 Netherlands: "June 15, 1947"; extended to December 31, 1955.
 Norway: December 2, 1955, to May 31, 1957.
 Sweden: April 1, 1955, to March 31, 1956.
 Switzerland: January 1, 1955, to December 31, 1955.
 Turkey: "March 10, 1955, to March 9, 1956."
 United Kingdom: "September 23, 1955, to December 31, 1957."
 Yugoslavia: January 1, 1956, to December 31, 1956.

LATIN AMERICA-URUGUAY

II. Near East and Africa

Egypt: March 17, 1956—3 years.
 Israel: "December 20, 1954, to December 31, 1955."

III. South and southeast Asia

India: April 18, 1956, to December 31, 1959.
 Indonesia: "December 14, 1954."

D. COMMUNIST CHINA

I. Europe

Finland: May 1, 1955, to April 30, 1956.
 Yugoslavia: (February 17, 1956) to December 31, 1956.

II. Near East and Africa

ISRAEL

Egypt: (April 16, 1956)—1 year.
 Lebanon: "(December 31, 1955)"—1 year.
 Syria: "(November 30, 1955)"—1 year.

III. South and southeast Asia

Ceylon: January 1, 1956, to December 31, 1956.

India: October 14, 1954, to October 13, 1956.

IV. Far East

Japan: May 4, 1955, to May 31, 1956 (nongovernmental).

E. CZECHOSLOVAKIA

I. Europe

Austria: January 1, 1956, to December 31, 1956.
 Belgium: April 1, 1956, to March 31, 1957.
 Denmark: June 1, 1955, to May 31, 1956.
 Finland: January 1, 1956, to December 31, 1956.
 France: July 1, 1955, to June 30, 1956.
 German Federal Republic: January 1, 1956, to December 31, 1956.
 Greece: January 1, 1956, to December 31, 1956.
 Iceland: September 1, 1955, to August 31, 1956.
 Italy: "July 2, 1947"; extended to September 30, 1955.
 Netherlands: February 1, 1956, to January 31, 1957.
 Norway: January 1, 1956, to December 31, 1956.
 Portugal: "March 1, 1956, to February 28, 1957."
 Sweden: August 1, 1955, to October 31, 1956.
 Switzerland: April 21, 1955, to December 31, 1956.
 Turkey: July 1, 1954, to June 30, 1955.
 United Kingdom: August 19, 1949; extended to August 18, 1956 (payments only).
 Yugoslavia: January 1, 1956, to December 31, 1956.

II. Western Hemisphere

Argentina: February 11, 1955, to February 10, 1958.
 Brazil: May 17, 1955, to May 16, 1956.
 Mexico: November 9, 1949, to December 31, 1954; annual tacit renewal.
 Paraguay: "November 15, 1953, to November 14, 1954"; annual tacit renewal.
 Uruguay: September 12, 1955 (3 years).

COLOMBIA

III. Near East and Africa

Afghanistan: August 22, 1954 (1 year).
 Egypt: July 19, 1955, to July 31, 1956.
 Ethiopia: April 25, 1956.
 Iran: January 1955.
 Lebanon: November 20, 1954, to November 19, 1955.
 Sudan: May 20, 1955 (*indefinite*).
 Syria: March 27, 1953, to March 26, 1954; annual tacit renewal.

IV. South and southeast Asia

Burma: February 14, 1955, to January 31, 1958; supplement (May 26, 1955).
 Ceylon: December 16, 1955 (trade); March 13, 1956 (payments).
 India: January 1, 1956, to December 31, 1956.
 Pakistan, Cambodia.
 Indonesia: July 15, 1955, to July 14, 1956.
 Yemen.

F. GERMAN DEMOCRATIC REPUBLIC

I. Europe

Austria: January 1, 1956, to December 31, 1956 (nongovernmental).
 Finland: January 1, 1956, to December 31, 1956. Denmark added, 1957.
 France: March 1, 1955, extended to June 30, 1956 (nongovernmental).
 German Federal Republic: January 1, 1956, to December 31, 1956 (nongovernmental).
 Greece: January 1, 1955, to December 31, 1955 (nongovernmental).
 Iceland: January 1, 1956, to December 31, 1956 (nongovernmental).
 Italy: January 1, 1955, to December 31, 1955 (nongovernmental).
 Netherlands: January 1, 1956, to December 31, 1956 (nongovernmental).
 Norway: January 1, 1956, to December 31, 1956 (nongovernmental).

Portugal: "March 1, 1956, to February 28, 1957" (nongovernmental).

Sweden: January 1, 1956, to December 31, 1956 (nongovernmental).

Turkey: May 1, 1955, to June 30, 1956 (nongovernmental). 7 7

Yugoslavia: August 25, 1954, to June 30, 1955 (supplement, September 22, 1955), extended to June 30, 1956 (nongovernmental). (Technically no.)

II. Western Hemisphere

Colombia: February 14, 1955, to March (nongovernmental).

Uruguay: "June 29, 1954, to June 28, 1955" (nongovernmental).

III. Near East and Africa

Egypt: November 10, 1955, to December 31, 1956.

Lebanon: (November 12, 1955)—5 years.
 Sudan: July 10, 1955, to December 31, 1956.
 Syria: "April 17, 1956, to April 16, 1957."
 Yemen.

IV. South and southeast Asia

Burma: February 27, 1955—3 years.
 India: "October 16, 1954, to October 15, 1955."
 Indonesia: June 9, 1954, to December 31, 1955 (nongovernmental).

G. HUNGARY

I. Europe

Austria: September 1, 1955, to August 31, 1956.
 Belgium: February 1, 1956, to January 31, 1957.
 Denmark: March 1, 1956, to February 28, 1957.
 Finland: January 1, 1956, to December 31, 1956.
 France: January 1, 1956, to December 31, 1956.
 German Federal Republic: February 1, 1956—*indefinite* (payments); July 1, 1955, to June 30, 1956 (trade).
 Greece: May 3, 1955, to December 31, 1955.
 Iceland: January 1, 1956, to December 31, 1956.
 Italy: April 1, 1956, to March 31, 1957.
 Netherlands: To March 31, 1957.
 Norway: February 1, 1955, to April 30, 1956.
 Portugal: "March 1, 1956, to February 28, 1957."
 Sweden: October 1, 1955, to September 30, 1956.
 Switzerland: October 1, 1955, to September 30, 1956.
 Turkey: June 1, 1949; extended to May 31, 1956.
 United Kingdom: September 1, 1954, to August 31, 1955.
 Yugoslavia: January 1, 1955, to December 31, 1955.

II. Western Hemisphere

Argentina: September 8, 1953, to September 7, 1956. Uruguay added 1957.
 Brazil: "April 26, 1954, to April 1955."
 Paraguay: November 1, 1953, to October 31, 1954; annual tacit renewal.

III. Near East and Africa

Iran (June 4, 1955): 1 year.
 Israel: February 26, 1954; extended to February 25, 1957.
 Sudan: "May 20, 1955, to May 19, 1956."
 Syria: "(May 3, 1956)"—1 year.

IV. South and southeast Asia

Burma: February 21, 1956, to February 20, 1957. Lebanon, Ceylon, Pakistan added 1957.

India: January 1, 1956, to December 31, 1956.

July 1, 1955, to June 30, 1956.

H. POLAND

I. Europe

Austria: April 1, 1955, to March 31, 1956.
 Belgium: January 1, 1954; extended to March 31, 1956.

Denmark: January 1, 1956, to December 31, 1956.
 Finland: January 1, 1956, to December 31, 1956.
 France: December 1, 1955, to November 30, 1956.
 German Federal Republic: January 1, 1955, to June 30, 1956.
 Greece: January 1, 1954; extended to March 31, 1956.
 Iceland: March 1, 1956, to February 28, 1957.
 Italy: July 1, 1949; extended to December 31, 1956.
 Netherlands: August 1, 1955, to July 31, 1956.
 Norway: May 1, 1956, to April 30, 1957.
 Portugal: "March 1, 1956, to February 28, 1957."
 Sweden: May 1, 1956, to April 30, 1957.
 Switzerland: July 1, 1949, to June 30, 1954; annual tacit renewal.
 Turkey: "July 1, 1948"; extended to June 30, 1955.
 United Kingdom: January 1, 1956, to December 31, 1956.
 Yugoslavia: January 1, 1956, to December 31, 1956.

II. Western Hemisphere

Argentina: January 1, 1955, to December 31, 1955.
 Paraguay: November 23, 1955—1 year.
 Uruguay: April 24, 1953, to April 23, 1954; annual tacit renewal.

III. Near East and Africa

Egypt: April 1, 1955, to March 31, 1956.
 Iran: April 16, 1956, to April 15, 1957.
 Israel: July 1, 1954, to June 30, 1955; annual tacit renewal.
 Lebanon: "(January 4, 1956)"—1 year.
 Sudan: "May 20, 1955, to May 19, 1956" (payments).
 Syria: May 1956 to May 1957.

IV. South and southeast Asia

Burma: "November 1, 1955, to October 31, 1958."
 Afghanistan.

NORTH KOREA—INDONESIA

India: April 1, 1956, to December 31, 1959.
 Pakistan: February 4, 1956, to February 3, 1957.

I. RUMANIA

I. Europe

Austria: April 1, 1955, to March 31, 1956.
 Belgium: "September 3, 1948," extended to December 31, 1955.
 Denmark: April 1, 1954, to March 31, 1956.
 Finland: January 1, 1956, to December 31, 1956.
 Iceland added 1957.
 France: January 1, 1956, to December 31, 1956.
 German Federal Republic: January 1, 1956, to December 31, 1956 (nongovernmental).
 Greece: July 1, 1955, to June 30, 1956.
 Italy: December 20, 1950, extended to December 19, 1956.
 Norway: June 1, 1955, to May 31, 1956.
 Sweden: April 1, 1956, to December 31, 1956 (nongovernmental).
 Switzerland: August 1, 1953, extended to July 31, 1956.
 Turkey: April 15, 1955, to April 14, 1956.
 Yugoslavia: January 1, 1956, to December 31, 1956.

LATIN AMERICA—ARGENTINA

II. Near East and Africa

Egypt: January 18, 1954, to January 17, 1955; annual tacit renewal.
 Israel: "September 9, 1954, to December 31, 1955."
 Lebanon: "January 6, 1956"—1 year.
 Syria: "January 14, 1956"—1 year.

III. South and southeast Asia

Burma: "February 7, 1956"—3 years.
 Ceylon: "March 16, 1956"—1 year.

India: "March 23, 1954, to December 31, 1954," annual tacit renewal for 1 additional year.

Indonesia: July 1, 1955, to June 30, 1956.

J. DEMOCRATIC REPUBLIC OF VIETNAM

I. Europe

France: July 1, 1955, to June 30, 1956.

India and Indonesia.

Mr. MALONE. Mr. President, in 1950 Mr. Acheson, who was then Secretary of State, had a very significant statement to make before the House Ways and Means Committee. It should interest the Senate. It is a good deal like Mr. Hitler writing a book and telling what he intended to do to the world. Everybody had a good laugh and nobody believed it. This is what Mr. Acheson said, first:

The European recovery program (Marshall plan or ECA)—

Mutual security, or whatever it will be called next year—

extends immediate assistance on a short-term basis to put European countries back on their feet.

2. The Trade Agreements Act program is an integral part of our overall program for world economic recovery. (The 1934 Trade Agreements Act, as extended to 1958.)

3. The International Trade Organization, upon which Congress will soon be asked to take favorable action, provides a long-term mechanism—each part of this program is important. Each contributes to an effective and consistent whole.

It will be remembered that Congress refused to approve the International Trade Organization in 1951. Now we have been offered the Office of Trade Cooperation, which is exactly the same as the International Trade Organization. That proposal is now before congressional committees, and it is before the Senate Committee on Finance.

THIRTY-FOUR COMPETITIVE NATIONS REGULATING OUR FOREIGN TRADE

The OTC would approve the General Agreement on Tariffs and Trade—GATT—under which 34 foreign competitive nations are now regulating our foreign trade and national economy at Geneva.

ACHESON TIES FOREIGN TRADE TO FOREIGN POLICY

Mr. President, the former Secretary of State, Dean Acheson, said at that time:

It is hardly possible any longer to draw a sharp dividing line between the economic affairs and political affairs.

Each complements and supplements the other. They must be combined in a single unified and rounded policy.

Mr. President, the 1934 Trade Agreements Act and subsequent extensions of that act, the 24-year plan, tied together the foreign policy and the regulation of foreign trade and the national economy, contrary to the Constitution.

The Constitution of the United States pointedly separates the fixing of foreign policy and the regulating of our foreign trade and national economy. It definitely puts the regulation of our foreign trade and national economy in the hands of Congress, under article I, section 8.

It puts the regulation of the foreign policy in the hands of the Executive, the State Department. The 1934 Trade Agreement Act tied them together under the Executive—thus amending the

Constitution without submitting it to the people as provided by the Constitution.

To enumerate and describe all of these steps in detail I will defer until the appropriation bill is before the Senate.

CONGRESS ABROGATED ITS RESPONSIBILITY

The Congress has transferred its principal constitutional responsibility for the regulation of the economy of the Nation to the executive branch and has abrogated its duty to the people of this Nation.

First, in 1933 we went off the metal standard for money and made it a crime to possess the metal which had held spendthrift Congresses and administrations in check for 145 years. Inflation was inevitable.

Billions of dollars annually to the European and Asiatic nations accelerated inflation.

Moving the rights of the States to a strong central government simply made the people helpless to successfully oppose such a march to international socialism.

The 1934 Trade Agreements Act simply transferred the constitutional responsibility of Congress to regulate our foreign trade and national economy to the executive branch—with full authority to transfer that responsibility to Geneva under 34 foreign competitive nations operating under GATT.

MR. LINCOLN AND A LONG-RANGE PLAN

Now, Mr. Lincoln had the following to say about the recognition of a long-range plan:

We cannot absolutely know that all these exact adaptations are the result of preconcert. But when we see a lot of framed timbers, different portions of which we know have been gotten out at different times and places and by different workmen, and when we see these timbers joined together, and see they exactly make the frame of a house or a mill, all the tenons and mortises exactly adapted to their respective places, and not a piece too many or too few, not omitting even scaffolding—or, if a single piece be lacking, we see the place in the frame exactly fitted and prepared yet to bring such piece in—in such a case, we find it impossible not to believe that all worked upon a common plan or draft drawn up before the first blow was struck.

Mr. President, the President of the United States could just as well have put it in Russia or Peiping, and still could, according to the testimony of the Secretary of State before the Senate Committee on Finance. All of this under the 1934 Trade Agreements Act as extended to June of 1958.

INTERNATIONAL SOCIALISM

Mr. President, it adds up to international socialism; a division of the wealth of this country, a division of the markets of this country, and a complete lack of background or stability for the money and the economic system of this country.

So we give lip service to stopping inflation. We call the 1934 Trade Agreements Act reciprocal trade. So, Mr. President, that is the long-range plan to destroy this country, and it is time that the Congress took a look at the whole picture before it is too late—and not to take each part of the plan as a separate proposal and, although unpalatable, accept it.

On December 15, 1956, the Nevada Republican State central committee recognizing the 24-year plan of the international socialists, passed the following resolution:

The Republican Party of the State of Nevada strongly advocates the return to constitutional government by adopting the following principles which have been the basic tenets of the Republican Party since its inception more than 100 years ago.

We believe the Republican Party must advocate a free market for gold, with removal of all restrictions upon its purchase, sale, and ownership, and a return to the traditional hard-money standard using gold and silver certificates redeemable in the respective metals.

We believe the Republican Party must urge the Congress of the United States to resume its constitutional responsibility of regulating foreign commerce through the adjustment of duties, imports, and excises, through its agent, the Tariff Commission, and allow the so-called Reciprocal Trade Act, which transferred such responsibility to the President, to expire in 1958.

We believe the Republican Party should urge Congress to respect the rights of the individual States in all those matters which have been historically matters of State concern.

On May 4, 1957, the 10 Western States Republican regional conference passed this following resolution:

Whereas 34 foreign, competitive nations are sitting in Geneva, Switzerland, regulating our foreign trade through multilateral trade agreements under the auspices of the General Agreements on Tariffs and Trade; and

Whereas, this distribution of our foreign trade between such foreign competitive nations is being carried on under the 1934 Trade Agreements Act, as extended (so-called reciprocal trade); and

Whereas, under this act more than \$30 billion of American capital has been invested in such foreign low-wage standard of living nations to compete in American markets with American labor and investors in the textile, livestock, mining, crockery, glass, precision instrument machine tool, chemical and electro-chemical, and several hundred other fields: Therefore be it

Resolved, That the 10-State Republican regional conference, including the States of Arizona, California, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming urge the Congress to resume its constitutional responsibility of regulating foreign trade and the national economy through the adjustment of the duties, imports and excises (art. I, sec. 8) through its agent, the Tariff Commission, and allow the 1934 Trade Agreements Act to expire in June 1958.

These States believe as Mr. Lincoln said, "Each of the timbers exactly fitting" over a period of 24 years, we have a right to suspect, as Mr. Lincoln said, that "all worked upon a common plan or draft drawn up before the first blow was struck."

THE PERMANENT PLAN

Mr. President, in Mr. Dulles' statement before the Committee on Foreign Relations as to the Marshall plan-ECA of the mutual security, in 1956, he said, on page 26 of the hearings:

It may be asked whether this mutual security program will have to go on forever. The answer, I think, is that that part of the program which contributes to the security of the United States will have to go on as long as our security is threatened.

Mr. President, I should like to say that we have been a Nation for 180 years and our security has always been threatened. The nations of the world, in Europe and Asia, have had a continuous war for 2,000 years.

In 1948 the Senator from Nevada said that if we adopted this policy the Marshall plan, as a part of the foreign policy, a distribution of our wealth and the tax money of the people of the United States, it would become a permanent plan and just as much a part of the appropriations each year as the appropriations for the State Department.

Mr. President, it is the opinion of the Senator from Nevada that the State Department should be set back where it belongs under the Constitution of the United States—and where is that? The forming and informing the Congress of the foreign policy of the United States of America; and not determining the economic policy of the United States or regulating the foreign trade which the Constitution places in the legislative branch of our Government in article I, section 8.

What has the Congress done in 24 years? The senior Senator from Nevada has been a Member of this body for 11 years. In the years since 1933 the Chief Executive of the United States, whoever he might have been, has directed the Congress. We say we are going to vote economy; we are going to cut down on appropriations; we are going to help small business.

There has never been a time within the past 24 years when the Congress of the United States did not appropriate within 5 percent of the recommendation which came from the White House, regardless of any talk to the contrary. All one has to do is to look at the votes.

The Marshall plan was voted upon March 13, 1948. The vote was 69 for and 17 against. In 10 years we have about doubled our vote. This afternoon there were 34 votes on the side of cutting this proposed appropriation—from the White House. At that, we are gaining, and at this rate of gain should finally win if that is not too late for the taxpayers of America.

It is high time that the Congress regained its constitutional responsibility to regulate our money system, our foreign trade and national economy—and return to the States their rights under the Constitution.

The senior Senator from Nevada will have more to say when the appropriation for this grandiose distribution of the wealth of the greatest Nation on earth comes before this body.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Does the Senator from Texas yield back the unused time?

Mr. JOHNSON of Texas. I am ready to yield back the unused time.

Mr. BRICKER. Mr. President, will the Senator yield me about 3 minutes?

Mr. JOHNSON of Texas. I yield 3 minutes to the Senator from Ohio.

Mr. BRICKER. Mr. President, it is with considerable reluctance that I announce that I cannot vote for the bill.

I should be glad to support the military provisions, because I think this administration is most sincerely working for peace in the world. I am devoted to that cause, as is the President of the United States, and the administration generally. I should be glad to support the technical-aid provisions which are incorporated in this authorization, for the reason that I think they have been very helpful in aiding the people of the world to help themselves to a better way of life.

I am most reluctant, however, to vote approval of a program which would authorize a new lending program involving \$500 million of borrowing power in the first year, \$750 million borrowing power in the second year, and \$750 million of borrowing power in the third year.

We already have the Export-Import Bank. We have the International Bank, which can take care of legitimate loans and needs of the nations of the world. I can see no need for any additional program involving any softer loans than those which are provided for. I do not look for the repayment of most of these loans for a long time, at any rate.

These lending programs have a way of increasing from year to year, and being extended at every opportunity Congress has had to extend them in the past. We had experience with the RFC, which was instituted to bring ourselves out of a depression period. It was continued and could not be abandoned or ended until the fraud and corruption in the organization itself made it almost necessary for the Congress to act in that field.

Furthermore, I believe that the time has come to begin to contract our international obligations in the monetary field, in the interest of the taxpayers of the country.

Likewise, I doubt the constitutionality of the provision which would deprive the Congress of the United States of the power to appropriate money, and turn it over to the executive branch of the Government, which this authorization for loans would do.

For that reason I feel compelled, reluctantly, to vote against this authorization. If it were limited to military aid and technical aid, I should be very happy to vote for the authorization.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CASE of South Dakota. Several Senators have said to me that they thought that the vote on the amendment which I offered had carried the amendment. They thought that perhaps there was some confusion in the way the vote was taken, as to whether or not Senators were counted properly. I should like to inquire whether or not it is now too late to ask for reconsideration of the vote by which that amendment was rejected.

The VICE PRESIDENT. At this stage reconsideration can be obtained only by unanimous consent. Does the Senator desire to ask unanimous consent?

Mr. CASE of South Dakota. I am reluctant to delay the proceedings, and I certainly would not ask for a ye-and-nay vote; but I do ask unanimous consent that the vote by which my amendment for increasing the earmarking in the bill for disposal of surplus agricultural commodities be reconsidered.

The VICE PRESIDENT. Is there objection?

Mr. JOHNSON of Texas. Mr. President, I was not present when that vote was taken. The situation is rather unusual. Was there a standing vote?

Mr. CASE of South Dakota. On the first announcement, the Chair declared that the "ayes" appeared to have it. Then a division was asked for, and a division was had. Some Senators came in from the cloakrooms, and there seemed to me to be some confusion in the way they were counted. Several Senators said to me that they thought the amendment had been agreed to.

Mr. JOHNSON of Texas. I would not want to think that the Chair did not know how to count.

Mr. CASE of South Dakota. It was not a matter of the Chair not knowing how to count. It was a question whether certain Senators were confused by the way the question was put.

Mr. GREEN. Mr. President, this is an unprecedented situation. I object.

The VICE PRESIDENT. Objection is heard.

Mr. NEUBERGER. Mr. President—

Mr. JOHNSON of Texas. Does the Senator desire to speak before the ye and nay vote on final passage of the bill?

Mr. NEUBERGER. Will the Senator yield to me 1 minute in order that I may insert an editorial in the RECORD.

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Oregon.

Mr. NEUBERGER. I thank the Senator.

Mr. President, as we make ready to vote on S. 2130, I ask unanimous consent to have printed in the RECORD an effective editorial on this subject entitled "Ten Years of Foreign Aid," from the Pendleton East-Oregonian of June 6, 1957. In this editorial, one of Oregon's ablest editors, Mr. J. W. Forrester, has emphasized strongly the reasons which undoubtedly will motivate a majority of Senators tonight when we pass S. 2130. I think it is appropriate that Mr. Forrester's views be made available to my colleagues at this particular time. They are highly pertinent right now.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TEN YEARS OF FOREIGN AID

"It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace."

The words were spoken 10 years ago, on June 5, 1947, on the campus of Harvard University. The speaker was the United States Secretary of State, Gen. George C. Marshall, who was receiving an honorary degree, but

the address received in the American press little more than routine coverage by the usual campus correspondents. All this was ironic, for in that address and even in that one sentence lay the gist and promise of the Marshall Plan and the whole United States postwar foreign aid program.

Foreign Secretary Ernest Bevan of Great Britain called it "one of the greatest speeches made in world history." Prime Minister Winston Churchill was to declare of the Marshall plan and United States military aid, in 1949: "Nothing like this has ever been seen in all history." The address was equally hailed in Europe; a recent commentator, David Schoenbrun, notes that it "inspired Europe and shook Russia as much as the power of the American invasion forces had thrilled Europeans and shaken Hitler 3 years before."

The voice in that address of 10 years ago was the voice of Marshall, but in a sense the hand was the hand of Dean Acheson. In a little noticed speech at Cleveland, Miss., almost a month earlier, Marshall's Under Secretary of State had outlined a concept of continuing United States economic aid concentrated "in areas where it will be most effective in building world political and economic stability, in promoting human freedom and democratic institutions, in fostering liberal trading policies, and in strengthening the authority of the United Nations."

Even after the Marshall speech at Harvard, the United States intention had to be spelled out and the plan formulated. Europe was tempted but reluctant until Marshall said, a week later, that his invitation to European nations to join in the planning specifically included Russia.

Russia's interest was brief, ending when Foreign Minister Vyacheslav M. Molotov walked out of a preliminary conference in Paris in July, but the satellites were tempted. The bear had to pull at least three of her cubs—Czechoslovakia, Poland, and Hungary—away from all that United States money.

Eventually, 16 European nations formed the Organization for European Economic Cooperation to furnish "the initiative * * * from Europe" which Marshall had invited. Congress in December 1947 authorized an emergency short-term aid program and then in the Economic Cooperation Act of April 1948 established the program for European recovery.

The Marshall plan phase of the United States foreign-aid program covered the period from 1948 through 1950. During that time, European industrial production rose 35 percent above the 1938 level. Agricultural output bettered prewar harvests. Inflation was brought under effective control. And international trade increased 86 percent in volume.

Fears of Communist military aggression caused a shift in emphasis to programs of military assistance beginning with the Mutual Defense Assistance Act of 1949. From the end of World War II through the Marshall plan era, the United States spent \$28.6 billion on foreign aid. Subsequent spending and appropriations through the end of this fiscal year bring the total to more than \$78 billion.

This is the program that is causing President Eisenhower so much grief in the Congress. He feels strongly that world peace can be maintained only by continuance of the program. Those who disagree look at the program in terms of dollars, not in terms of war and peace. The President's stand can be adequately defended. It needs no apologists.

Mr. SPARKMAN subsequently said: Mr. President, many people think that our foreign-aid program is a giveaway program. In a recent issue of the Congressional Quarterly, there was published a very interesting discussion under the

title "Will Foreign Aid Loans Be Repaid?"

It contains some tables which show the very fine record that has been made in the repayment of loans that have been made to various countries during the past 16 years.

I ask unanimous consent that the article and tables may be printed in the body of the RECORD just prior to the final vote on the bill.

There being no objection, the article and tables were ordered to be printed in the RECORD, as follows:

WILL FOREIGN AID LOANS BE REPAYED?

The President's May 21 request for the creation of a development loan fund to handle the bulk of American economic assistance to foreign countries has renewed interest in the record of prior United States loans to other nations (Weekly Report, p. 624).

Secretary of State John Foster Dulles May 22 reported to the Senate Foreign Relations Committee the record of repayment on previous loans and the chances for repayment on the proposed loans. He said: "There are 1 or 2 cases where interest is in arrears or has not been pressed, but I don't think that is surprising. * * * We all recognize there are conditions where interest has to be forgone or suspended."

"That does not mean you are not going to get it. * * * The main thing is * * * if you have a well-founded faith in the future of the country and do enough to get it well started then you can get your money back. * * * I would hazard the guess that a very large part, most probably, of what will be loaned by this development fund, will at some time or other, in some way or other, inure correspondingly to the benefit of the United States. * * * Nations, when they think they have to repay, are not going to be so eager to borrow, unless they are quite sure they are really going to get the benefit out of the loan which will enable them to repay."

This fact sheet surveys the past loan record to answer the question: Is Dulles' confidence warranted?

SIXTEEN-YEAR RECORD

The table on pages 666 and 667 shows the loan record of every country that has received credit from the United States from July 1, 1940, through December 31, 1956. It includes loans and credits made available under all these wartime and postwar programs: the Export-Import Bank, the British loan of 1945, mutual security, overseas surplus property sales, prior grants converted into credits, lend-lease, strategic and defense materials development, United Nations headquarters loan, Philippine funding, loans of the Institute of Inter-American Affairs, loans of the Reconstruction Finance Corporation, the occupied-areas commodity programs, and the Army's natural fibers revolving fund. Following is a summary of the repayment record on United States loans from July 1, 1940, through December 31, 1956, in thousands of dollars:

	Amount	Percent
Net loans, credits authorized....	\$18,273,228	100.000
Loans not used.....	1,981,620	10.844
Loans repaid.....	4,631,122	25.344
Loans outstanding.....	11,652,123	63.766
Loans charged off as uncollectible.....	8,363	0.046

Source: Publication, Foreign Grants and Credits, Department of Commerce, Office of Business Economics, April 1957.

The preceding chart shows that of the \$18.2 billion in loans and credits made available to foreign countries since mid-1940,

less than one-twentieth of 1 percent has been written off as uncollectible. Almost half of this amount—\$4 million of the \$8.3 million total—was written off because of devaluations in local currency after the granting of loans repayable in that local currency. All the remaining loss came on loans to "non-governmental foreign entities"; i. e., private firms, including branches of American firms, doing business in foreign countries.

The chart also shows that on December 31, 1956, an additional \$75,180,000 in principal—0.41 percent of the net loans authorized—was more than 90 days overdue. Of this total, \$70.6 million was owed by foreign governments and \$4.5 million by private firms. The governments that were more than \$1 million in arrears on principal repayment were: Nationalist China, Hungary, Indonesia, Iran, the Philippines, Poland, Turkey, and Russia.

From 1940 through 1956, interest payments and commissions on the \$18.2 billion in authorized loans totaled \$1,860,776,000. Another \$32,097,000 of interest was more than 90 days overdue on December 31, 1956.

CAN FUND BE SELF-SUSTAINING?

In the last 3 years principal payments alone on old credits have exceeded new loan utilizations by \$235 million, as shown in this table of principal repayments and new loan utilizations in millions of dollars:

Year	Repayments	New loan utilizations
1954.....	\$501	\$387
1955.....	503	409
1956.....	509	482
Total.....	1,513	1,278

In the next 6 years (1957-62) principal repayments scheduled on existing loans will total \$2,701,644,000 and interest payments will total \$1,471,894,000. The availability of these sums has led Senator HOMER E. CAPEHART, Republican, of Indiana, to suggest that if they were allocated to the proposed development loan fund, it could become a self-sustaining institution, without further appropriations of tax moneys.

Administration officials have informed CAPEHART that his suggestion is not practical for repayments on loans made before 1955. "Receipts of principal and interest on these credits go, by law, into miscellaneous receipts in the Treasury or to retire notes previously given to the Treasury," according to an April 22 letter to the Foreign Relations Committee from Deputy Director Guilford Jameson, of the International Cooperation Administration.

In fiscal 1959, however, repayments will begin on loans and credits authorized by the Mutual Security Act of 1954 and Public Law 480 (surplus agricultural disposal) of 1954. These repayments, in local currency, are scheduled to increase from \$12 million in fiscal 1959 to \$41 million in fiscal 1960 and \$89 million in fiscal 1961. They will continue to grow at a diminishing rate over the next 34 years. Congress has not yet provided for the use to be made of these local currencies and it is possible they might be integrated into the proposed development loan fund.

Balance sheet on foreign loans: Loans authorized, outstanding, losses charged off, payments overdue, July 1, 1940-Dec. 31, 1956

[In thousands of dollars]

Country	Net author- ized loans, credits	Prin- cipal charged off as uncol- lect- ible	Payments 90 days or more overdue				Prin- cipal out- standing	Country	Net author- ized loans, credits	Prin- cipal charged off as uncol- lect- ible	Payments 90 days or more overdue				Prin- cipal out- standing
			Principal		Interest						Principal		Interest		
			Foreign gov- ern- ments	Private firms	Foreign gov- ern- ments	Private firms					Foreign gov- ern- ments	Private firms	Foreign gov- ern- ments	Private firms	
Argentina.....	\$262,065						\$70,685	India.....	\$446,446	\$2,729					\$380,226
Bolivia.....	47,042	\$1,922					34,446	Indochina.....	25,000						25,000
Brazil.....	1,139,022	31		\$162			457,375	Indonesia.....	180,770	\$1,111					139,701
Chile.....	180,183						64,437	Iran.....	130,177	15,260			\$3,287		76,655
Colombia.....	95,366	28	\$20				21,837	Iraq.....	1,149						64
Costa Rica.....	21,225						10,359	Ireland.....	128,209						127,556
Cuba.....	82,443						12,000	Israel.....	196,288						154,180
Dominican Repub- lic.....	3,386							Italy.....	498,909	225	\$458		12		251,795
Ecuador.....	42,129	4	53				27,964	Japan.....	788,913						145,399
El Salvador.....	1,503							Korea.....	24,928				1,493		20,850
Guatemala.....	2,303						1,631	Latvia.....	11						
Haiti.....	37,891		115	32		\$1	27,209	Lebanon.....	1,550						23,700
Honduras.....	1,201							Liberia.....	44,773						5,552
Mexico.....	344,553	57		677		49	112,308	Morocco.....	13,409						263,924
Nicaragua.....	7,886						415	Netherlands.....	472,172						14,833
Panama.....	6,518						935	New Zealand.....	20,497						86,832
Paraguay.....	14,000						487	Norway.....	140,835	88					26,766
Peru.....	155,190						40,476	Pakistan.....	61,136						73,262
Uruguay.....	19,448	10					8,106	Philippines.....	219,650	7,000			1,398		57,822
Venezuela.....	23,403	278					5,916	Poland.....	81,268	1,408			2		50,905
Unspecified.....	142,597						9,380	Portugal and posses- sions.....	58,482	32		887		\$157	55,658
Afghanistan.....	45,934						36,334	Rhodesia and Nya- saland.....	60,686			103		22	20,016
Australia.....	22,909						9,620	Saudi Arabia.....	31,826						94,650
Austria.....	50,670						8,546	Spain.....	142,826						19,670
Bahrein.....	17,048							Sweden.....	28,337						50
Belgium.....	234,972						137,162	Syria.....	102						7,658
Luxembourg.....	3,000						2,946	Thailand.....	18,587						128,878
Belgian Congo.....	1,550							Turkey.....	180,189	1,143			920		123,297
Burma.....	5,043						1,925	Union of South Af- rica.....	152,343						222,495
Canada.....	198,761	17					547	U. S. S. R.....	222,495		16,687		6,529		4,445,937
Nationalist China.....	387,858		24,187		\$17,382		178,262	United Kingdom and dependencies.....	5,741,316	431		650		51	48,293
Czechoslovakia.....	30,377		974		466		4,870	Yugoslavia.....	79,900	217					100,000
Denmark.....	56,677						48,013	European Coal and Steel community.....	100,000						56,000
Egypt.....	25,464						3,685	U. N. Headquarters loan.....	65,000						
Ethiopia.....	31,707		71				3,929								
Eritrea.....	50			50			50								
Finland.....	152,313						93,110								
French Union.....	2,489,954	1,497		692		217	1,699,855								
Germany.....	1,355,706			277		43	1,161,133								
Greece.....	144,600	1,021		592		71	91,057								
Hungary.....	15,917						11,890								
Iceland.....	10,254						5,448								
								Total.....	18,273,228	8,363	70,604	4,581	31,486	611	11,652,123

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass? Does the Senator from Texas yield back any remaining time?

Mr. JOHNSON of Texas. I yield back any remaining time on our side.

Mr. KNOWLAND. I yield back any time remaining on our side.

The VICE PRESIDENT. All time has been yielded back.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.
Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Washington [Mr. JACKSON], the Senator from Oklahoma [Mr. MONROE], the Senator

from West Virginia [Mr. NEELY], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Florida [Mr. SMATHERS].

If present and voting, the Senator from North Carolina would vote "nay," and the Senator from Florida would vote "yea."

I further announce that if present and voting, the Senator from Washington [Mr. JACKSON], and the Senator from Texas [Mr. YARBOROUGH], would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. LANGER], and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Maryland [Mr. BUTLER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Michigan [Mr. PORTER] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from Arizona would vote "nay."

The Senator from Maine [Mr. PAYNE] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Maine would vote "yea," and the Senator from Nebraska would vote "nay."

The Senator from Michigan [Mr. PORTER] is paired with the Senator from North Dakota [Mr. LANGER]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from North Dakota would vote "nay."

If present and voting, the Senator from New Hampshire [Mr. BRIDGES] would vote "yea."

The result was announced—yeas 57, nays 25, as follows:

YEAS—57

Aiken	Gore	Martin, Pa.
Allott	Green	McNamara
Anderson	Hayden	Morton
Beall	Hennings	Mundt
Bennett	Hickenlooper	Murray
Bush	Hill	Neuberger
Capehart	Holland	Pastore
Carlson	Humphrey	Purtell
Carroll	Ives	Revercomb
Case, N. J.	Javits	Saltonstall
Case, S. Dak.	Johnson, Tex.	Schoeppel
Church	Kefauver	Scott
Clark	Kennedy	Smith, Maine
Cooper	Knowland	Smith, N. J.
Cotton	Kuchel	Sparkman
Dirksen	Lausche	Symington
Douglas	Magnuson	Thye
Flanders	Mansfield	Watkins
Fulbright	Martin, Iowa	Wiley

NAYS—25

Barrett	Frear	Robertson
Bible	Jenner	Russell
Bricker	Johnston, S. C.	Stennis
Byrd	Kerr	Talmadge
Chavez	Long	Thurmond
Curtis	Malone	Williams
Dworshak	McClellan	Young
Eastland	Morse	
Ellender	O'Mahoney	

NOT VOTING—13

Bridges	Jackson	Potter
Butler	Langer	Smathers
Ervin	Monroney	Yarborough
Goldwater	Neely	
Hruska	Payne	

So the bill (S. 2130) was passed.

Mr. KNOWLAND. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON].

The motion to lay on the table was agreed to.

ACCELERATED TAX WRITEOFFS

Mr. KEFAUVER. Mr. President, I was interested to read in this morning's Wall Street Journal the following story: ODM ANNOUNCES FAST WRITEOFFS WILL BE PUBLICIZED ON DAY ISSUED

WASHINGTON.—The Office of Defense Mobilization said from now on it will publicly announce fast writeoff certificates on the same day they're issued.

The time gap between issuance of these tax-help certificates and the time they're announced came up for criticism recently before a Senate Judiciary subcommittee headed by Senator KEFAUVER, Democrat, of Tennessee, in connection with Idaho Power Co.

Previously, the ODM announced only every 2 weeks the recipients of the certificates, which permit companies to depreciate for tax purposes the cost of new facilities over a shorter than usual period. The bi-weekly announcement will be continued, recapping the certificates that are announced during each period, an agency spokesman said.

Under the new policy, the agency announced it issued 14 fast writeoffs yesterday. The biggest involved a transfer to World Wide Tankers, Inc., from its parent, Skouras Lines, Inc., of a certificate covering 40 percent of the \$12.5 million cost of an ocean-going oil tanker. Others included: United Aircraft Corp., Pratt & Whitney division, 75 percent on \$4,700,000 of facilities for military jet engines, and American Brake Shoe Co., 65 percent on \$6,620,655 of facilities for steel castings.

I want to commend ODM for this decision. Of course, it is a case of locking the barn after the horse is gone, as far as the Idaho Power Co. is concerned. The insiders have already had their day on the market. But it may stop future inside speculators from this golden opportunity that they have had in the past.

For clarity, let me explain to the Members of the Senate that in the case of the Idaho Power Co., Gordon Gray, ODM Administrator, testified before our Antitrust Monopoly Subcommittee that he made his mind up to give Idaho Power a rapid tax-amortization certificate on April 9 or 10. The certificates were signed April 17. They were not announced publicly until a press release, dated April 25, was issued. But they did tell the company's representative—Ebasco—and telephone records show that a call was made from Ebasco to Idaho Power Co. on April 16, the day before the certificates were actually signed.

On the very next day—the day it was signed—4,500 Idaho Power shares on the New York exchange changed hands, whereas the average daily sale during the previous year was only 600.

Somebody got the word.

The staff of our subcommittee is now engaged in analyzing market behavior in the case of other rapid tax amortizations. They have not completed their work, but what they have done thus far certainly shows me that the behavior of the Idaho Power stock was not an isolated case by any means. Others also took their rise before the granting of the certificates have ever been announced to the public.

CIVIL RIGHTS

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Illinois will state it.

Mr. DOUGLAS. Is my understanding correct that when the Senate convenes on Monday the unfinished business will be the atomic energy treaty?

The VICE PRESIDENT. The Senator is correct.

Mr. DOUGLAS. Is it my understanding that the treaty will be considered in executive session?

The VICE PRESIDENT. The Senator is correct.

Mr. DOUGLAS. And that it will remain the unfinished business until it is disposed of?

The VICE PRESIDENT. Except by unanimous consent; that is correct.

Mr. DOUGLAS. The parliamentary inquiry I wish to address to the Chair is this: Let us assume that the civil-rights bill comes over from the House. Will it be in order to have that bill brought up for the first and second readings while the Senate is in executive session?

The VICE PRESIDENT. It will not be in order.

Mr. DOUGLAS. It will not be in order. What will be the status of that bill during that period? Will it be in limbo?

The VICE PRESIDENT. It will be held at the Secretary's desk until the Senate is in legislative session.

Mr. DOUGLAS. At the desk of the Secretary of the Senate?

The VICE PRESIDENT. That is correct.

Mr. DOUGLAS. Then, when the Senate returns to legislative session, what will be the situation so far as the civil-rights bill is concerned?

The VICE PRESIDENT. Either by motion or at the discretion of the Chair, when the Senate is in legislative session the message will be laid before the Senate.

Mr. DOUGLAS. The proposed legislation will be laid before the Senate for such action as the Senate may care to take?

The VICE PRESIDENT. That is correct.

Mr. DOUGLAS. I thank the Chair.

Mr. HUMPHREY. Mr. President, the House is about to complete action on a civil rights bill. It has been clear not only from the House debate, but from preliminary statements which have been made here in the Senate, that the so-called trial by jury issue is a major one in this year's debate. The distinguished Senator from Illinois [Mr. DOUGLAS] has already made a monumental contribution to the clarification of the confused and muddy issue in various statements which he has made on the floor or in-

85TH CONGRESS
1ST SESSION

S. 2130

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1957

Referred to the Committee on Foreign Affairs

AN ACT

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1957".

5 SEC. 2. Title I, chapter 1, of the Mutual Security Act
6 of 1954, as amended, which relates to military assistance, is
7 further amended as follows:

8 (a) Amend section 103, which relates to authoriza-
9 tions, as follows:

10 (1) Strike out subsection (a) and substitute the fol-
11 lowing:

1 “(a) There is hereby authorized to be appropriated to
2 the President for use beginning in the fiscal year 1958 to
3 carry out the purposes of this chapter not to exceed \$1,800,-
4 000,000, which shall remain available until expended. There
5 is hereby authorized to be appropriated to the President for
6 use beginning in the fiscal year 1959 to carry out the pur-
7 poses of this chapter not to exceed \$1,500,000,000, which
8 shall remain available until expended.”

9 (2) In subsection (b), strike out “and of section 124”.

10 (3) In subsection (c), add at the end thereof the follow-
11 ing new sentence: “When appropriations made pursuant to
12 this section are used to furnish military assistance on terms
13 of repayment within three years or earlier, dollar repay-
14 ments, including dollar proceeds derived from the sale of
15 foreign currency received hereunder to any United States
16 Government agency or program, may be credited to the
17 current applicable appropriation and shall be available until
18 expended for the purposes of military assistance on terms of
19 repayment, and, notwithstanding section 1415 of the Supple-
20 mental Appropriation Act, 1953, or any other provision of
21 law relating to the use of foreign currencies or other receipts
22 accruing to the United States, repayments in foreign cur-
23 rency may be used for the purposes of this chapter: *Pro-*
24 *vided*, That the authority in this sentence shall apply to re-

1 payments from not to exceed \$175,000,000 of the appro-
2 priations used for such assistance.”.

3 (b) In section 104 (a), which relates to infrastructure,
4 strike out in the first sentence the word “already”; strike out
5 “\$780,000,000” in the first sentence and substitute “\$1,000,-
6 000,000”; and strike out the second sentence.

7 (c) In section 105 (b) (3), which relates to condi-
8 tions applicable to military assistance, strike out the words
9 between “Asia” and “, the President”.

10 (d) Amend section 107, which relates to waivers of
11 law, as follows:

12 (1) In subsection (a), strike out “1262 (a), and title
13 34, United States Code, section 546 (e)” and substitute
14 “7307 (a)”.

15 (2) In subsection (b), strike out “Revised Statutes
16 1222 (10 U. S. C. 576)” and substitute “title 10, United
17 States Code, sections 3544 (b) and 8544 (b)”.

18 (e) Repeal section 108, which relates to transfer of
19 military equipment to Japan.

20 SEC. 3. Chapter 2 of title I of the Mutual Security Act
21 of 1954, as amended, which relates to southeast Asia and
22 the Western Pacific, and direct forces support, is hereby
23 repealed.

24 SEC. 4. Title I, chapter 3, of the Mutual Security Act

1 of 1954, as amended, which relates to defense support, is
2 further amended as follows:

3 (a) Amend section 131, which relates to general au-
4 thority, as follows:

5 (1) In subsection (a), before "designed" in the first
6 sentence, insert "specifically".

7 (2) Strike out subsection (b) and substitute the follow-
8 ing:

9 " (b) There is hereby authorized to be appropriated to
10 the President for use beginning in the fiscal year 1958 to
11 carry out the purposes of this section not to exceed \$800,-
12 000,000, which shall remain available until expended. There
13 is hereby authorized to be appropriated to the President for
14 use beginning in the fiscal year 1959 to carry out the pur-
15 poses of this section not to exceed \$710,000,000, which shall
16 remain available until expended."

17 (3) Strike out subsection (c), and redesignate subsec-
18 tion "(d)" as subsection "(c)".

19 (4) Add a new subsection (d) as follows:

20 "(d) To the extent necessary to accomplish the purposes
21 of this section in Korea (1) assistance may be furnished
22 under this section without regard to the other provisions of
23 this title and (2) the authority provided in section 307 may
24 be exercised in furnishing assistance under subsection (a) of

1 this section; and funds available under this section may be
2 used for payment of ocean freight charges on shipments for
3 relief and rehabilitation in Korea without regard to section
4 409 of this Act.”

5 (b) Repeal section 132, which relates to the Korean
6 program.

7 SEC. 5. Title I, chapter 4, of the Mutual Security Act
8 of 1954, as amended, which relates to general provisions
9 relating to mutual defense assistance, is further amended as
10 follows:

11 (a) In section 142 (b), which relates to agreements,
12 strike out in the first sentence “chapter 2 or” and “or under
13 title II”.

14 (b) Section 143 is amended to read as follows:

15 “SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnish-
16 ing assistance to Yugoslavia, the President shall continuously
17 assure himself (1) that Yugoslavia continues to maintain its
18 independence, (2) that Yugoslavia is not participating in
19 any policy or program for the Communist conquest of the
20 world, and (3) that the furnishing of such assistance is in
21 the interest of the national security of the United States.
22 The President shall keep the Foreign Relations Committee
23 of the Senate, the Foreign Affairs Committee of the House
24 of Representatives, and the Appropriations Committees of the

1 Senate and of the House of Representatives fully and con-
2 stantly informed of any assistance furnished to Yugoslavia
3 under this Act.”

4 (c) Add a new section 144 as follows:

5 “SEC. 144. SOUTHEAST ASIA.—Assistance under this
6 title shall be made available subject to the provisions of sec-
7 tions 141 and 142, except that (1) in the case of assistance
8 to the Associated States of Cambodia, Laos, and Vietnam,
9 and (2) in the case of assistance (not to exceed in the aggre-
10 gate 10 per centum of the amount appropriated pursuant
11 to section 121, excluding unexpended balances of prior appro-
12 priations) to other nations in the area of southeast Asia,
13 the President may waive specific provisions of section 142
14 to the extent he may deem necessary in the national interest
15 to carry out the purposes of this Act. The President or such
16 officer as he may designate shall report each instance of such
17 waiver to the Foreign Relations, Appropriations, and Armed
18 Services Committees of the Senate and the Foreign Affairs,
19 Appropriations, and Armed Services Committees of the
20 House of Representatives within thirty days.”

21 SEC. 6. Title II of the Mutual Security Act of 1954,
22 as amended, which relates to development assistance, is fur-
23 ther amended by striking out the heading of the title, “DE-
24 VELOPMENT ASSISTANCE”, and substituting “DE-
25 VELOPMENT LOAN FUND”; by striking out the sec-

tion number and heading of section 201 and striking out subsections (a) and (b) of section 201; by redesignating subsection (c) of section 201 as subsection (d) of section 537 and striking out therein "this title" and "411 (c)" and substituting, respectively, "section 400 (a)" and "411 (b)"; and by inserting the following new sections:

"SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

"SEC. 202. GENERAL AUTHORITY.—(a) There is hereby established a fund to be known as the 'Development Loan Fund' (hereinafter referred to in this title as 'the Fund') to be used by the President to finance activities carried out pursuant to authority contained in this title.

"(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaran-

1 ties, or to engage in other financing operations or transactions
2 (not to include grants or direct purchases of equity securi-
3 ties), to or with such nations, organizations, persons or other
4 entities, and on such terms and conditions, as he may deter-
5 mine, taking into account (1) whether financing could be
6 obtained in whole or in part from other free world sources on
7 reasonable terms, (2) the economic and technical soundness
8 of the activity to be financed, and (3) whether the activity
9 gives reasonable promise of contributing to the development
10 of economic resources or to the increase of productive capaci-
11 ties in furtherance of the purposes of this title. Loans shall
12 be made from the Fund only on the basis of firm commit-
13 ments by the borrowers to make repayment and upon a find-
14 ing that there are reasonable prospects of such repayment.
15 The Fund shall be administered so as to support and encour-
16 age private investment and other private participation fur-
17 thering the purposes of this title, and it shall be administered
18 so as not to compete with private investment capital, the
19 Export-Import Bank or the International Bank for Recon-
20 struction and Development. The authority of section 401
21 (a) of this Act may not be used to waive the requirements of
22 this title or of the Mutual Defense Assistance Control Act of
23 1951 with respect to this title, nor may the authority of sec-
24 tion 501 of this Act be used to increase or decrease the funds
25 available under this title. Guaranties under this subsection

1 shall be subject to the provisions of section 413 (b) (4), ex-
2 cept subparagraph (F) thereof. The administrator of the
3 Fund shall furnish to the Committee on Foreign Relations of
4 the Senate, to the Committee on Foreign Affairs of the
5 House of Representatives, and to the Committees on Appro-
6 priations of the Senate and House of Representatives, a
7 report on each financing operation or transaction involving
8 the Fund's assets. Such report shall be made at the time
9 such financing operation or transaction is consummated.

10 "SEC. 203. CAPITALIZATION.—(a) There is hereby
11 authorized to be appropriated to the President without fiscal
12 year limitation, for advances to the Fund, not to exceed
13 \$500,000,000. In addition, unless disapproved in the ap-
14 propriation Act appropriating funds pursuant to the author-
15 ization contained in the preceding sentence, the Secretary
16 of the Treasury is authorized and directed to make, begin-
17 ning in the fiscal year 1959, loans to the Fund in amounts
18 needed to cover obligations incurred against the Fund. Ex-
19 cept as provided in section 204 (b) of this Act, the maxi-
20 mum amount of obligations incurred against the Fund during
21 the fiscal year 1958 shall be \$500,000,000, during the fiscal
22 year 1959 shall be \$750,000,000, and during the period be-
23 ginning in the fiscal year 1960 shall be \$750,000,000; and
24 any unused portion of the maximum applicable to any period

1 shall be added to the maximum applicable to the succeeding
2 period.

3 “(b) For purposes of the loans provided for in this
4 section, the Secretary of the Treasury is authorized to use
5 the proceeds of the sale of any securities issued under the
6 Second Liberty Bond Act as now in force or as hereafter
7 amended, and the purposes for which securities may be
8 issued under the Second Liberty Bond Act are hereby ex-
9 tended to include this purpose. The President shall deter-
10 mine the terms and conditions of any advances or loans made
11 to the Fund pursuant to this section.

12 “SEC. 204. FISCAL PROVISIONS.—(a) All receipts
13 from activities or transactions under this title shall be cred-
14 ited to the Fund and, notwithstanding section 1415 of the
15 Supplemental Appropriation Act, 1953, or any other pro-
16 vision of law relating to the use of foreign currencies or
17 other receipts accruing to the United States, shall be avail-
18 able for use for purposes of this title.

19 “(b) The President is authorized to incur, in accordance
20 with the provisions of this title, obligations against the Fund
21 in amounts which may not at any time exceed the assets
22 of the Fund. The amount of such obligations also may not
23 exceed the limitations specified in section 203 (a) of this
24 Act except that, to the extent that assets of the Fund other
25 than capitalization provided pursuant to section 203 (a)

1 are available, obligations may be incurred beyond such
2 limitations. Obligations incurred against the Fund which
3 are subsequently canceled shall not be counted for purposes
4 of the limitations on obligations specified in section 203 (a) .
5 The term 'assets of the Fund' as used in this section shall
6 mean the amount of liquid assets of the Fund at any given
7 time including any amount of capitalization authorized pur-
8 suant to section 203 (a) of this Act which has not been
9 advanced or loaned to the Fund as of such time. The Fund
10 shall be available without fiscal year limitation for any
11 obligations or expenditures in connection with the perform-
12 ance of functions under this title, including repayment of
13 loans made to the Fund pursuant to section 203 (a) of this
14 Act.

15 “(c) In the performance of and with respect to the
16 functions, powers, and duties vested in him by this title, the
17 President shall prepare annually and submit a budget pro-
18 gram in accordance with the provisions of the Government
19 Corporation Control Act, as amended; and he shall cause
20 to be maintained an integral set of accounts which shall be
21 audited by the General Accounting Office in accordance with
22 principles and procedures applicable to commercial corporate
23 transactions as provided by the Government Corporation
24 Control Act, as amended, and no other audit shall be
25 required.

1 “SEC. 205. POWERS AND AUTHORITIES.—In carrying
2 out the purposes of this title, any officer or agency of the
3 United States designated to exercise authorities provided
4 for hereunder may, in addition to other powers and authori-
5 ties provided to such officer or agency pursuant to this
6 Act or otherwise by law, and as the President may
7 direct: enter into, perform, and modify contracts, leases,
8 agreements, or other transactions, on such terms as may
9 be deemed appropriate, with any agency or instrumentality
10 of the United States, with any foreign government or for-
11 eign government agency, or with any person, partnership,
12 association, corporation, organization, or other entity, public
13 or private, singly or in combination; accept and use gifts
14 or donations of services, funds, or property (real, personal
15 or mixed, tangible or intangible) ; contract for the services
16 of attorneys; determine the character of and necessity for
17 obligations and expenditures under this title, and the man-
18 ner in which they shall be incurred, allowed, and paid, sub-
19 ject to provisions of law specifically applicable to Govern-
20 ment corporations; acquire and dispose of, upon such terms
21 and conditions and for such consideration as such officer or
22 agency shall determine to be reasonable, through purchase,
23 exchange, discount, rediscount, public or private sale, nego-
24 tiation, assignment, exercise of option or conversion rights,
25 or otherwise, for cash or credit, with or without endorse-

1 ment or guaranty, any property, real, personal, mixed,
2 tangible or intangible, including, but not limited to, mort-
3 gages, bonds, debentures (including convertible debentures),
4 liens, pledges, and other collateral or security, contracts,
5 claims, currencies, notes, drafts, checks, bills of exchange,
6 acceptances including bankers' acceptances, cable transfers
7 and all other evidences of indebtedness or ownership (pro-
8 vided that equity securities may not be directly purchased
9 although such securities may be acquired by other means
10 such as by exercise of conversion rights or through enforce-
11 ment of liens, pledges or otherwise to satisfy a previously
12 incurred indebtedness), and guarantee payment against any
13 instrument above specified; issue letters of credit and let-
14 ters of commitment; collect or compromise any obligations
15 assigned to or held by, and any legal or equitable rights
16 accruing to, such officer or agency, and, as such officer or
17 agency may determine, refer any such obligations or rights
18 to the Attorney General for suit or collection; and other-
19 wise take any and all actions determined by such officer
20 or agency to be necessary or desirable in making, carrying
21 out, servicing, compromising, liquidating, or otherwise deal-
22 ing with or realizing on any transaction or operation
23 authorized by this title. No officer shall be designated to
24 be the administrator of the Fund except by appointment by the
25 President by and with the advice and consent of the Senate.

1 “SEC. 206. ADVISORY LOAN COMMITTEE.—There is
2 hereby established an Advisory Loan Committee, referred to
3 in this section as the ‘Committee’, which shall advise and
4 consult with the President, or such officer as he may desig-
5 nate to administer the Fund, with respect to basic policy
6 matters arising in connection with the operations of the
7 Fund and with respect to each new obligation against the
8 Fund in excess of \$10,000,000. The Committee shall con-
9 sist of the Deputy Undersecretary of State for Economic
10 Affairs, the Chairman of the International Development
11 Advisory Board acting in his individual capacity, the
12 administrator of the Fund, and representatives designated
13 by the President from the Export-Import Bank, the De-
14 partment of Agriculture, the Department of Commerce, the
15 United States representation in the International Bank for
16 Reconstruction and Development, and such other repre-
17 sentatives of Government agencies as the President shall
18 deem necessary to insure proper coordination of the Fund’s
19 activities with the activities of other sources of capital which
20 flows abroad. The Deputy Undersecretary of State for
21 Economic Affairs shall be Chairman, and the administrator
22 of the Fund shall be Vice Chairman, of the Committee.
23 The administrator of the Fund shall furnish to the Com-
24 mittee all necessary information to enable the Committee to
25 form a judgment with respect to the subjects referred to in

1 the first sentence of this section. If the administrator of
2 the Fund follows a course contrary to the advice of a
3 majority of the Committee with respect to any such subject,
4 he shall furnish to the Committee and to the Committee on
5 Foreign Relations of the Senate and the Committee on
6 Foreign Affairs of the House of Representatives a state-
7 ment of his reasons for doing so.”

8 SEC. 7. Title III of the Mutual Security Act of 1954,
9 as amended, which relates to technical cooperation, is further
10 amended as follows:

11 (a) In section 304, which relates to authorization,
12 strike out subsections (a) and (b) and substitute the follow-
13 ing: “There is hereby authorized to be appropriated to the
14 President for the fiscal year 1958 not to exceed \$151,900,-
15 000 to carry out the purposes of this title.”

16 (b) Amend section 306, which relates to multilateral
17 technical cooperation, as follows:

18 (1) Strike out the text of subsection (a) and substitute
19 the following:

20 “\$15,500,000 for the fiscal year 1958 for contributions
21 to the United Nations Expanded Program of Technical As-
22 sistance: *Provided*, That, notwithstanding the limitation of
23 33.33 per centum contained in the Mutual Security Appro-
24 priation Act, 1957, the United States contribution to this
25 program may constitute for the calendar year 1958 as much

1 as but not to exceed 45 per centum of the total amount con-
2 tributed to the program for that period, for the calendar
3 year 1959 as much as but not to exceed 38 per centum of
4 the total amount contributed to the program for that period,
5 and for the calendar year 1960 as much as but not to ex-
6 ceed 33.33 per centum of the total amount contributed to
7 the program for that period.”.

8 (2) Strike out the text of subsection (b) and substitute
9 the following:

10 “\$1,500,000 for the fiscal year 1958 for contributions
11 to the technical cooperation program of the Organization of
12 American States.”.

13 SEC. 8. Title IV of the Mutual Security Act of 1954,
14 as amended, which relates to other programs, is further
15 amended as follows:

16 (a) Insert before section 401 the following new section:

17 “SEC. 400. SPECIAL ASSISTANCE.—(a) There is
18 hereby authorized to be appropriated to the President for
19 the fiscal year 1958 not to exceed \$250,000,000 for use on
20 such terms and conditions as he may specify for assistance
21 designed to maintain or promote political or economic stability
22 or for assistance in accordance with the provisions of this
23 Act applicable to the furnishing of assistance under title I,
24 section 304, section 405, or section 407 of this Act.
25 \$100,000,000 of the funds authorized to be appropriated

1 pursuant to this section for any fiscal year may be used in
2 such year in accordance with the provisions of section 401
3 (a) .

4 “(b) For the purpose of promoting economic develop-
5 ment in Latin America there is hereby authorized to be ap-
6 propriated to the President not to exceed \$25,000,000, which
7 shall remain available until expended, and in the utilization
8 of such sum preference shall be given to (A) projects or pro-
9 grams that will clearly contribute to promoting health, educa-
10 tion, and sanitation in the area as a whole or among a
11 group or groups of countries of the area, (B) joint health,
12 education, and sanitation assistance programs undertaken by
13 members of the Organization of American States, and (C)
14 such land resettlement programs as will contribute to the
15 resettlement of foreign and native migrants in the area as a
16 whole, or in any country of the area, for the purpose of
17 advancing economic development and agricultural and in-
18 dustrial productivity: *Provided*, That assistance under this
19 sentence shall emphasize loans rather than grants wherever
20 possible, and not less than 90 per centum of the funds made
21 available for assistance under this subsection shall be avail-
22 able only for furnishing assistance on terms of repayment
23 in accordance with the provisions of section 505.

24 “(c) The President is authorized to use not to exceed

1 \$10,000,000 of funds appropriated pursuant to subsection
2 (a) of this section for assistance, on such terms and condi-
3 tions as he may specify, to schools and libraries abroad,
4 founded or sponsored by citizens of the United States, and
5 serving as study and demonstration centers for ideas and
6 practices of the United States, notwithstanding any other
7 Act authorizing assistance of this kind. Further, in addi-
8 tion to the authority contained in this subsection, it is the
9 sense of Congress that the President should make a special
10 and particular effort to utilize foreign currencies accruing
11 under title I of the Agricultural Trade Development and
12 Assistance Act of 1954, as amended, for the purposes of this
13 subsection."

14 (b) Amend section 401, which relates to special fund,
15 as follows:

16 (1) Strike out the title of this section and substitute
17 "PRESIDENT'S SPECIAL AUTHORITY".

18 (2) In subsection (a), strike out "to be appropriated
19 under subsection (b) hereof" in the first sentence and sub-
20 stitute "for such use by section 400 (a) of this Act";
21 before ", in furtherance of" in the first sentence, insert "or
22 any Act appropriating funds pursuant to authorizations con-
23 tained in this Act".

24 (3) Strike out subsection (b).

25 (4) Redesignate subsection "(c)" as subsection "(b)".

1 (c) In section 402, which relates to earmarking of
2 funds, strike out all preceding “shall be used” in the first
3 sentence and substitute “Of the funds authorized to be made
4 available in the fiscal year 1958 pursuant to this Act (other
5 than funds made available pursuant to title II), not less
6 than \$200,000,000”.

7 (d) Amend section 403, which relates to special assist-
8 ance in joint control areas, as follows:

9 (1) In subsection (a), strike out the subsection design-
10 nation “(a)”; and in the second sentence strike out all
11 following “the President” and substitute “for the fiscal year
12 1958 not to exceed \$11,500,000 to carry out this section.”.

13 (2) Strike out subsection (b).

14 (e) Amend section 405, which relates to migrants,
15 refugees, and escapees, as follows:

16 (1) In subsection (a), strike out the words between
17 “appropriated” and “such amounts”; and strike out the
18 last sentence.

19 (2) In subsection (c), strike out the words between
20 “appropriated” and “for contributions” and substitute “for
21 the fiscal year 1958 not to exceed \$2,233,000”.

22 (3) In subsection (d), strike out the words between
23 “President” and “for continuation” and substitute “for the
24 fiscal year 1958 not to exceed \$5,500,000”.

1 (f) Amend section 406, which relates to children's
2 welfare, as follows:

3 (1) In subsection (a), strike out the subsection designa-
4 tion "(a)"; and strike out all following "exceed" and
5 substitute "\$11,000,000 for the fiscal year 1958 for con-
6 tributions to the United Nations Children's Fund."

7 (2) Strike out subsection (b).

8 (g) In section 407, which relates to Palestine refugees
9 in the Near East, strike out the first two sentences in sub-
10 section (a) and substitute in lieu thereof the text of the
11 present subsection (b) with the addition of the following sen-
12 tence: "In determining whether or not to continue furnish-
13 ing assistance for Palestine refugees in the Near East, the
14 President shall take into account whether Israel and the
15 Arab host governments are taking steps toward the resettlement and repatriation of such refugees."; strike out the sub-
16 section designation "(a)"; and strike out subsection (b).

18 (h) In section 408, which relates to the North Atlantic
19 Treaty Organization, strike out in subsection (a) the words
20 between "appropriated" and "such amounts".

21 (i) Amend section 409, which relates to ocean freight
22 charges, as follows:

23 (1) Strike out the text of subsection (c) and substitute
24 "There is hereby authorized to be appropriated to the Presi-

1 dent for the fiscal year 1958 not to exceed \$2,200,000 to
2 carry out the purposes of this section.”.

3 (2) In subsection (d), strike out all preceding “to pay”
4 in the first sentence and substitute “In addition, any funds
5 made available under this Act may be used, in amounts de-
6 termined by the President,”; and strike out the second
7 sentence.

8 (j) In section 410, which relates to Control Act ex-
9 penses, strike out the words between “President” and “for
10 carrying out” in the first sentence and substitute “for the
11 fiscal year 1958 not to exceed \$1,000,000”.

12 (k) Amend section 411, which relates to administra-
13 tive and other expenses, as follows:

14 (1) In subsection (b), strike out the words between
15 “President” and “for necessary” and substitute “for the fiscal
16 year 1958 not to exceed \$33,000,000”; strike out “and
17 section 124”; and before the period at the end of the sub-
18 section, insert “and functions under the Agricultural Trade
19 Development and Assistance Act of 1954, as amended (7
20 U. S. C. 1691 and the following) performed by any agency
21 or officer administering nonmilitary assistance”.

22 (2) Strike out subsection (c), and redesignate subsec-
23 tions “(d)” and “(e)” as subsections “(c)” and “(d)”,
24 respectively.

1 (1) Repeal section 412, which relates to Chinese and
2 Korean students.

3 (m) At the end of section 416, which relates to
4 facilitation and encouragement of travel, add the following:
5 “To this end, under the direction of the President, the De-
6 partments of State and Commerce, the agency primarily
7 responsible for administering nonmilitary assistance under
8 this Act and such other agencies of the Government as the
9 President shall deem appropriate, in cooperation to the
10 fullest extent practicable with private enterprise concerned
11 with international travel, shall conduct a study of barriers to
12 international travel and ways and means of promoting, de-
13 veloping, encouraging, and facilitating such travel in the
14 mutual interests of the United States and countries assisted
15 under this Act.”

16 (n) Repeal sections 419 and 421, relating, respectively,
17 to World Health Organization and Food and Agriculture
18 Organization, which repeals shall not be deemed to affect
19 amendments contained in such sections to Acts other than
20 the Mutual Security Act of 1954, as amended; and add the
21 following new sections:

22 “SEC. 419. ATOMS FOR PEACE.—(a) The President is
23 hereby authorized to furnish from funds made available pur-
24 suant to this section, in addition to other funds available for
25 such purposes, and on such terms and conditions as he may

1 specify, assistance designed to promote the peaceful uses of
2 atomic energy abroad. There is hereby authorized to be
3 appropriated to the President for the fiscal year 1958 not to
4 exceed \$7,000,000 to carry out the purposes of this section.

5 “(b) The United States’ share of the cost of any re-
6 search reactor made available to another government under
7 this section shall not exceed \$350,000.

8 “(c) In carrying out the purposes of this section, the
9 appropriate United States departments and agencies shall
10 give full and continuous publicity through the press, radio,
11 and all other available mediums, so as to inform the peoples
12 of the participating countries regarding the assistance, in-
13 cluding its purpose, source, and character, furnished by the
14 United States. Such portions of any research reactor fur-
15 nished under this section as may be appropriately die-
16 stamped or labeled as a product of the United States shall
17 be so stamped or labeled.

18 “SEC. 420. MALARIA ERADICATION.—The Congress of
19 the United States, recognizing that the disease of malaria,
20 because of its widespread prevalence, debilitating effects,
21 and heavy toll in human life, constitutes a major deterrent
22 to the efforts of many peoples to develop their economic
23 resources and productive capacities and to improve their
24 living conditions, and further recognizing that it now ap-
25 pears technically feasible to eradicate this disease, declares

1 it to be the policy of the United States and the purpose of
2 this section to assist other peoples in their efforts to eradi-
3 cate malaria. The President is hereby authorized to furnish
4 to such nations, organizations, persons or other entities as
5 he may determine, and on such terms and conditions as he
6 may specify, financial and other assistance to carry out the
7 purpose of this section. Not to exceed \$23,300,000 of the
8 funds made available pursuant to authorizations contained in
9 this Act (other than title I, chapter 1, and title II) may be
10 used during the fiscal year 1958 to carry out the purpose
11 of this section.”

12 SEC. 9. Title V, chapter 1, of the Mutual Security Act
13 of 1954, as amended, which relates to general provisions, is
14 further amended as follows:

15 (a) Amend section 503, which relates to termination
16 of assistance, as follows:

17 (1) Strike out the subsection designation “(a)”; and
18 in the last sentence of subsection (a) strike out “subsection”
19 and substitute “section”.

20 (2) Strike out subsection (b).

21 (b) In section 504 (a), which relates to small business,
22 strike out “chapters 2 and” and substitute “chapter”.

23 (c) Amend section 505, which relates to loan assistance
24 and sales, as follows:

1 (1) In subsection (a), strike out "Assistance" in the
2 first sentence and substitute "Except as otherwise specifically
3 provided in this Act, assistance"; and after "commodities"
4 both times it appears in the second sentence, insert " , equip-
5 ment, materials,".

6 (2) In subsection (b), strike out the first sentence; and
7 strike out "shall" both times it appears in the second sen-
8 tence and substitute "may".

9 (d) In section 509, which relates to shipping on United
10 States vessels, strike out the first sentence.

11 (e) In section 511 (c), which relates to retention and
12 return of equipment, after "materials" the first time it ap-
13 pears, insert "on a grant basis"; and strike out "(other than
14 equipment or materials sold under the provisions of section
15 106)".

16 (f) In section 513, which relates to notice to legislative
17 committees, after "Act" the second time it appears in the
18 first sentence, insert "or Acts appropriating funds pursuant
19 to authorizations contained in this Act".

20 SEC. 10. Title V, chapter 2, of the Mutual Security Act
21 of 1954, as amended, which relates to organization and ad-
22 ministration, is further amended as follows:

23 (a) In section 521, add the following new subsection:

24 "(c) The President shall continue to exercise the powers

1 conferred on him under chapter 3 of title I, relating to
2 defense support, only through the Secretary of State and his
3 subordinates.”

4 (b) In section 523, add the following new subsection:

5 “(c) Under the direction of the President, the Secretary
6 of State shall:

7 “(1) coordinate the various forms of assistance
8 authorized by this Act so that the foreign policies of the
9 United States may be best served thereby; and

10 “(2) determine the value of the program under
11 chapter 1 of title I for any country.”

12 (c) In section 524 (b), strike out the second sentence.

13 (d) In section 525, strike out the first sentence.

14 (e) In section 527 (c), which relates to employment of
15 personnel, after “shall be entitled” in paragraph (1), insert
16 “, except to the extent that the President may specify other-
17 wise in cases in which the period of the employment or as-
18 signment exceeds two years,”; and before the period at the
19 end of paragraph (2), insert “: *Provided, however,* That the
20 President may by regulation make exceptions to the applica-
21 tion of section 528 in cases in which the period of the
22 appointment or assignment exceeds two years”.

23 (f) In section 534, which relates to reports, after “504,”,
24 insert “202, 400, 416,”.

25 (g) In section 535 (b), which relates to cooperation

1 with nations and international organizations, before “in fur-
2 therance of” in the first sentence insert “consistent with
3 and”; and before “nations” where it appears for the first
4 time in the first sentence insert “free”.

5 (h) Amend section 537, which relates to provisions on
6 uses of funds, as follows:

7 (1) In the opening clause of subsection (a), within
8 the parentheses, strike out “and section 124”.

9 (2) In subsection (a), paragraph (1), strike out
10 “1957” and substitute “1958”.

11 (3) Amend the text of subsection (a), paragraph
12 (10), to read “rental or lease outside the continental limits
13 of the United States of offices, buildings, grounds, and
14 living quarters to house personnel; maintenance, furnishings,
15 necessary repairs, improvements, and alterations to proper-
16 ties owned or rented by the United States Government
17 abroad; and costs of fuel, water and utilities for such
18 properties;”.

19 (4) In subsection (a), paragraph (17), strike out
20 “or” preceding “(iii)”; and after “another”, insert “, (iv)
21 when he is temporarily absent from his post under orders,
22 or (v) when through no fault of the employee storage costs
23 are incurred on such furniture and effects (including auto-
24 mobiles) in connection with authorized travel”.

25 (5) In subsection (c), strike out “\$12,000,000” and

1 insert "\$18,000,000"; and strike out "in the fiscal year
2 1957".

3 (6) Add the following new subsection:

4 " (e) Funds available under this Act may be used to
5 pay costs of training United States citizen personnel em-
6 ployed or assigned pursuant to section 527 (c) (2) of this
7 Act (through interchange or otherwise) at any State or
8 local unit of government, public or private nonprofit in-
9 stitution, trade, labor, agricultural, or scientific association
10 or organization, or commercial firm; and the provisions of
11 Public Law 918, Eighty-fourth Congress, may be used to
12 carry out the foregoing authority notwithstanding that in-
13 terchange of personnel may not be involved or that the train-
14 ing may not take place at the institutions specified in that
15 Act. Such training shall not be considered employment or
16 holding of office under title 5, United States Code, section
17 62, and any payments or contributions in connection there-
18 with may, as deemed appropriate by the head of the United
19 States Government agency authorizing such training, be
20 made by private or public sources and be accepted by any
21 trainee, or may be accepted by and credited to the current
22 applicable appropriation of such agency: *Provided, how-*
23 *ever,* That any such payments to an employee in the nature
24 of compensation shall be in lieu of or in reduction of com-

1 pensation received from the Government of the United
2 States.”

3 SEC. 11. Title V, chapter 3, of the Mutual Security Act
4 of 1954, as amended, which relates to repeal and miscella-
5 neous provisions, is further amended as follows:

6 (a) In section 543, relating to saving provisions, insert
7 the following new subsections:

8 “(d) Funds appropriated pursuant to provisions of this
9 Act repealed by the Mutual Security Act of 1956 or the
10 Mutual Security Act of 1957 shall remain available for their
11 original purposes in accordance with the provisions of law
12 originally applicable thereto. References in any Act to pro-
13 visions of this Act repealed or stricken out by the Mutual
14 Security Act of 1957 are hereby stricken out; and references
15 in any Act to provisions of this Act redesignated by the
16 Mutual Security Act of 1957 are hereby amended to refer
17 to the new designations.”

18 (b) Amend section 544, which relates to amendments
19 to other laws, as follows:

20 (1) Repeal subsections (a), (c), (d), (e), (f), (g),
21 (h), and (i), which repeals shall not be deemed to affect
22 amendments contained in such subsections to Acts other
23 than the Mutual Security Act of 1954, as amended; and
24 redesignate subsection “(b)” as subsection “(a)”.

1 (2) Add the following new subsections:

2 “(b) Public Law 174, Seventy-ninth Congress, as
3 amended, is hereby further amended by striking out ‘31.5’
4 in the proviso at the end of section 2 and inserting ‘33.33’.

5 “(c) Section 104 (h) of the Agricultural Trade De-
6 velopment and Assistance Act of 1954, as amended (Public
7 Law 480, Eighty-third Congress; 7 U. S. C. 1704) is
8 amended by changing the period at the end thereof to a
9 comma and adding: ‘such special and particular effort to
10 include the setting aside of such amounts from sale proceeds
11 and loan repayments under this title, not in excess of
12 \$1,000,000 a year in any one country for a period of not
13 more than five years in advance, as may be determined by
14 the Secretary of State to be required for the purposes of
15 this subsection;’.”

16 (c) In section 546 (b), relating to construction, strike
17 out “Atomic Energy Act of 1946, as amended (42 U. S. C.
18 1801)” and substitute “Atomic Energy Act of 1954, as
19 amended (42 U. S. C. 2011)”.

20 (d) Repeal section 547, which relates to reduction of
21 authorizations.

1 (e) In section 549, relating to special provision on
2 availability of funds, strike out “chapter 3 of title I,” and
3 strike out the comma following “title III”.

Passed the Senate June 14, 1957.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 17, 1957

Referred to the Committee on Foreign Affairs

July 1, 1957

17. **ADVISORY COMMITTEES.** Passed over, on objection by Rep. Cunningham, Iowa, H.R. 7390, to amend the Administrative Expense Act so as to establish standards for certain advisory committees. p. 9537
18. **TRANSPORTATION.** Passed without amendment S. 937, to amend Sec. 4 of the Interstate Commerce Act so as to eliminate the necessity of ICC approval of certain rate publications. (p. 9537) This bill will now be sent to the President.
The Interstate and Foreign Commerce Committee reported with amendment H.R. 3233, to amend Sec. 22 of the Interstate Commerce Act so as to provide for transportation of Federal property free or at reduced rates (H. Rept. 677). p. 9579
19. **FORESTRY.** Passed with ^{out} amendment S. 45, to authorize the sale to the village of Central, N. Mex., of certain lands administered by the Forest Service which were formerly a part of the Ft. Bayard Military Reservation. A similar bill, H.R. 7520, was laid on the table. (pp. 9538-39) This bill will now be sent to the President.
Passed without amendment H.R. 3358, to supplement the land grant provisions of the Alaska Mental Health Enabling Act to permit the selection of certain public lands in Alaska; and H.R. 7864, to amend the Act of May 4, 1956 relative to the establishment of public recreational facilities in Alaska. p. 9539
20. **PEANUTS.** Passed as reported H.R. 6764, to amend the Act of June 24, 1934 so as to delete the requirement for reports from persons owning or operating peanut picking or threshing machines. The language of the bill was then substituted for the language of a similar bill, S. 609, which was passed. H.R. 6764 was laid on the table. p. 6540
21. **ACCOUNTING.** Passed with amendment H.R. 8195, to facilitate the payment of Government checks. (pp. 9542-43) This bill had been reported with amendment earlier by the Government Operations Committee (H. Rept. 666). (p. 9579)
22. **FOREIGN AID.** Agreed to S. Con. Res. 30, to print a compilation of studies and reports prepared by the Special Committee to Study the Foreign Aid Program. p. 9544
Rep. Hiestand urged establishment of a Joint Committee to study the foreign aid program because of the importance of such spending upon inflation and the budget. p. 9570
Rep. Hosmer urged an adequate mutual security program. pp. 9577-8
The Foreign Affairs Committee ordered reported with amendments S. 2130, the mutual security authorization bill. ~~p. D602~~
23. **ATOMIC ENERGY.** Passed with amendments H.R. 7383, to provide indemnity and liability for nuclear accidents. pp. 9545, 9548, 9550-66
24. **SURPLUS COMMODITIES.** The Fisheries and Wildlife Subcommittee ordered reported with amendments to the Merchant Marine and Fisheries Committee H.R. 6959, to authorize the use of CCC surplus commodities to augment the food supplies for migratory waterfowl. p. D602
25. **RICE.** The Rice Subcommittee ordered reported with amendments to the Agriculture Committee H.R. 4709, to provide that rice acreage history not be developed by planters who plant without acreage allotments, and announced that a clean bill is to be introduced. p. D601

26. OLEOMARGARINE. A subcommittee ordered reported with amendments to the Armed Services Committee H.R. 912, to provide for the serving of oleomargarine or margarine in the Navy ration. p. D601

ITEMS IN APPENDIX

27. COTTON. Sen. Talmadge inserted an American Cotton Manufacturers Institute, Inc., statement of fundamentals regarding a United States Government cotton policy in which it "enunciated" certain basic provisions which the textile industry believes should be embodied in any new cotton program. pp. A5218-9
28. TRANSPORTATION. Sens. Wiley and Magnuson inserted award winning essays on, "The American Merchant Marine: Its Importance to the American Farmer-Miner-Manufacturer in World Trade." pp. A5220-1, A5256-7
29. FARM PROGRAM. Rep. Gathings inserted an editorial discussing the administration's farm program, and stating that "the strangest phase of the spectacle lies in the fact that Mr. Benson is so obviously concerned about the processors of farm commodities, rather than the farmers themselves." pp. A5222-3
Rep. Wharton inserted an article, "Says Government Spending Must be Reduced," setting forth the views of a N.Y. local farm bureau unit on the present farm situation and their reaction after "20-years of so-called farm programs." pp. A5223-4
30. PERSONNEL. Reps. Lane and Multer inserted their statements before the House Post Office and Civil Service Committee in support of legislation to provide for increased annuities for retired Federal employees. pp. A5223, A5246-7
31. POULTRY. Extension of remarks of Rep. Burdick in support of legislation for compulsory poultry inspection. pp. A5232-3
32. SECURITY. Sen. Cotton inserted an article analyzing the recommendations of the Commission on Government Security. p. A5243
33. INFLATION. Sen. Thye inserted an article, "Events May Force Action on Inflation" pp. A5243-4
34. INSECTICIDES. Rep. Patman inserted an article, "The Story of Insecticides," outlining the story of chemical insecticides and their effects on the human body. pp. A5244-5
35. STATEHOOD. Extension of remarks of Rep. Miller, Nebr., summarizing the history of Alaska and urging action on proposed Alaska statehood legislation. pp. A5249-51
36. INTEREST RATES; ELECTRIFICATION. Rep. Johnson criticized the proposed increase in REA loans and inserted various Dairyland Power Cooperative resolutions urging "stable and fair interest rates." pp. A5255-6

BILLS INTRODUCED

37. WHEAT QUOTAS. H.R. 8455 and H.R. 8456, by Rep. Anfuso, to amend the Agricultural Adjustment Act of 1938, as amended, to exempt certain wheat producers from liability under the act where all the wheat crop is fed or used for seed or food on the farm; to Agriculture Committee.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 10, 1957
For actions of July 9, 1957
85th-1st, No. 119

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HIGHLIGHTS: House agreed to conference reports on: Agricultural appropriation bill. Extension of Public Law 480. House passed compulsory poultry inspection bill. House committees reported humane slaughter bill, and mutual security authorization bill. Sen. Mundt urged united approach to solve farm problem.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL FOR 1958. Agreed to the conference report on this bill, H.R. 7441. (pp. 10002-08) Agreed to the Senate amendment providing that provisions of the act of August 1, 1956, and provisions of a similar nature in appropriation acts of the State Department for the current and subsequent fiscal years which facilitate the work of the Foreign Service shall be applicable to funds available to the Foreign Agricultural Service. (pp. 10003-05) Agreed to a substitute amendment to limit payments to any one producer under the acreage reserve program to \$3,000 with respect to 1958 crops. (pp. 10005-08) See Digest 117 for other items of interest.
2. FOREIGN TRADE; SURPLUS DISPOSAL. Agreed to the conference report on S. 1314, to extend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) for one year, to increase the authorization under Title I from \$3 billion to \$4 billion, and to authorize \$300 million addition under Title II for famine relief. (p. 10052) See Digest 117 for other provisions of the bill agreed to.
3. POULTRY INSPECTION. Passed 93 to 23, with amendments H.R. 6814, to provide for the compulsory inspection by this Department of poultry and poultry products. (pp. 10008-52)

Agreed to the following amendments:

- By Rep. Watts, to strike out Sec. 11, on injunction proceedings, which vested in the U.S. district courts jurisdiction to enforce and to prevent violations under the bill. (p. 10047)
- By Rep. Watts, to make mandatory, rather than permissive, certain exemptions from the provisions of the bill. (p. 10047)
- By Rep. Watts, to exempt from the provisions of the bill poultry producers who sell poultry direct to restaurants, hotels and boarding houses for use in their own dining rooms in the preparation of meals for sales direct to consumers. (p. 10047)
- By Rep. Hoffman, to provide that the bill shall not be construed as invalidating any provision of State law which could be valid in the absence of the bill, unless there is a direct and positive conflict between an express provision of the bill and such provision of State laws so that the two cannot be reconciled or consistently stand together. (p. 10050)
- Rejected, 27 to 56, an amendment by Rep. Matthews, Fla., to prohibit Federal inspection in major poultry consuming areas unless specifically requested to do so by a State agency having responsibility for poultry inspection laws. (pp. 10047-50)

4. HUMANE SLAUGHTER. The Agriculture Committee reported with amendment H.R. 8308, to provide for the use of humane methods in the slaughter of livestock (H. Rept. 706). p. 10059
5. MUTUAL SECURITY. The Foreign Affairs Committee reported with amendment S. 2130, the mutual security authorization bill for 1958 (H. Rept. 776). ~~p. 10059~~
6. PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendment H.R. 8054, to provide for the leasing of oil and gas deposits in lands beneath inland navigable waters in Alaska (H. Rept. 774). p. 10059
- Received from Interior a proposed bill to amend the Alaska Public Works Act to "clarify the authority of the Secretary of the Interior to convey federally owned land utilized in the furnishing of public works"; to Interior and Insular Affairs Committee. p. 10059

SENATE

7. FARM PROGRAM. Sen. Mundt urged the farm organizations to unite in an approach towards solving the farm problem, and inserted an editorial, "Farm Meeting Step in Right Direction." pp. 9966-7
- Sen. Humphrey inserted a policy resolution by the National Catholic Rural Life Conference urging wiser use of lands chosen for non-agricultural uses, a study of the food distribution system, and of new industrial uses for farm products. pp. 9960-1
8. FORESTS. The Interior and Insular Affairs Committee reported without amendment H.R. 7522, to extend for two years the timber removal rights of the McCloud Lumber Co. in Shasta National Forest (S. Rept. 598). p. 9962
9. SMALL BUSINESS. The Banking and Currency Committee reported an original bill, S. 2504, to extend the Small Business Administration for one year and increase its loan authorization an additional \$75 million (S. Rept. 597). Sen. Clark discussed the bill. pp. 9962, D627
- Sen. Carroll inserted a newspaper article, "Small Business Study," on the importance of credit for small businesses. p. 9997

MUTUAL SECURITY ACT OF 1957

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

S. 2130

TO AMEND FURTHER THE MUTUAL SECURITY ACT OF
1954, AS AMENDED, AND FOR OTHER PURPOSES



JULY 9, 1957.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES

GOVERNMENT PRINTING OFFICE

WASHINGTON : 1957

THE MUTUAL SECURITY PROGRAM



Countries with fiscal year 1958 programs, military assistance only, 10 countries.

Belgium	Germany, Republic of	Netherlands	Portugal
Denmark	Italy	Norway	United Kingdom
France	Luxembourg		

Countries with fiscal year 1958 programs, military and economic, 28 countries.

Brazil	Ethiopia	Japan	Spain
Cambodia	Greece	Korea	Taiwan
Chile	Guatemala	Laos	Thailand
Colombia	Haiti	Nicaragua	Turkey
Cuba	Honduras	Pakistan	Uruguay
Dominican Republic	Iran	Peru	Vietnam
Ecuador	Iraq	Philippines	Yugoslavia

Countries with fiscal year 1958 programs, economic aid only, 21 countries.

Afghanistan	Ghana	Lebanon	Nepal
Bolivia	India	Liberia	Panama
Burma	Indonesia	Libya	Paraguay
Ceylon	Israel	Mexico	Tunisia
Costa Rica	Jordan	Morocco	Venezuela
El Salvador			

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MUTUAL SECURITY ACT OF 1957

JULY 9, 1957.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GORDON, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany S. 2130]

The Committee on Foreign Affairs, to whom was referred the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments, as they appear in the reported bill, are as follows:

1. Page 2, lines 5 and 6, strike out "\$1,800,000,000" and insert "\$1,500,000,000".

2. Page 2, strike out the sentence beginning in line 7 and insert the following:

There are hereby authorized to be appropriated to the President for the fiscal year 1959 such sums as may be necessary to carry out the purposes of this chapter, which sums shall remain available until expended.

3. Page 4, lines 15 and 16, strike out "\$800,000,000" and insert "\$700,000,000".

4. Page 4, strike out the sentence beginning in line 17.

5. Page 9, lines 2 and 3, strike out "or of the Mutual Defense Assistance Control Act of 1951 with respect to this title".

6. Page 9, strike out the sentence beginning in line 5 and insert the following:

No guaranties of equity investment against normal business-type risks shall be made available under this subsection.

7. Page 9, strike out "The administrator" in line 9 and all that follows through the end of line 16 and insert the following:

The Manager of the Fund shall furnish to the Committee on Foreign Relations or the Committee on Appropriations of

the Senate or (in accordance with the Rules of the House of Representatives) to the Committee on Foreign Affairs or the Committee on Appropriations of the House of Representatives, upon request of the chairman of the Committee concerned, a report on any financial operation or transaction involving the assets of the Fund.

8. Page 10, line 13, strike out "\$750,000,000" and insert "\$500,000,000".

9. Page 10, line 15, strike out "\$750,000,000" and insert "\$500,000,000".

10. Page 12, strike out "In carrying" in line 18 and all that follows through the colon in line 24, and insert the following:

(a) In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a Manager of the Fund to perform such functions with respect to this title as the President may direct. The office of Manager of the Fund shall be in addition to other offices provided for by law, and the compensation for such office shall be at a rate not in excess of \$19,000 a year.

(b) The President shall also establish a Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank, which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the Fund.

(c) In carrying out his functions with respect to this title, the Manager of the Fund may:

11. Page 14, line 7, strike out "such officer or agency" and insert "the Manager of the Fund".

12. Page 15, line 2, strike out "such officer or agency" and insert "the Manager of the Fund".

13. Page 15, line 3, strike out "such officer or agency" and insert "the Manager of the Fund".

14. Page 15, line 6, strike out "such officer or agency" and insert "the Manager of the Fund".

15. Page 15, strike out the sentence beginning in line 10 and insert the following:

The Export-Import Bank shall administer loans made from the Fund, as provided in section 505 (b) of this Act.

16. Page 15, strike out line 16 and all that follows through line 22 on page 16, and insert the following:

SEC. 206. NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U. S. C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

17. Page 17, line 10, strike out "for the fiscal year 1958" and insert "to remain available until expended".

18. Page 18, line 17, strike out "\$250,000,000" and insert "\$275,000,000".

19. Page 18, lines 19 and 20, strike out "political or economic" and insert "freedom and".

20. Page 21, line 4, strike out "\$200,000,000" and insert "\$150,000,000".

21. Page 25, after "labeled" in line 12, insert the following:

: *Provided*, That funds made available under this section shall not be expended in any country which fails to agree to inspection from time to time by the Government of the United States of any facilities constructed in whole or in part under the provisions of this section

22. Page 26, strike out the sentence beginning in line 6.

23. Page 28, line 15, strike out "two years" and insert "thirty months".

24. Page 28, line 19, strike out "two years" and insert "thirty months".

25. Page 32, after line 20, insert the following:

(f) Add a new section as follows:

"SEC. 550. RESTRICTION ON ASSISTANCE.—Notwithstanding any other provision of this Act, all assistance furnished and all loans made pursuant to the provisions of this Act shall be subject to the provisions of the Mutual Defense Assistance Control Act of 1951."

PURPOSE

This bill authorizes an appropriation of \$3,242,333,000. This is a reduction of \$375 million from the authorization contained in the bill as it passed the Senate and a reduction of \$622,077,000 from the \$3,864,410,000 fiscal year 1958 appropriation request of the Executive. The committee has reported this bill after extensive study and consideration of testimony submitted by official and private witnesses. The committee has also had the benefit of the report on Foreign Policy and Mutual Security submitted to the committee December 24, 1956, as the result of the study and hearings held in October and November 1956, as well as the studies on "foreign aid" undertaken by the Senate Special Committee To Study the Foreign Aid Program, the report to the President by the President's Citizen Advisers on the Mutual Security Program, and the report of the International Development Advisory Board.

The committee also considered the studies and findings of the Government Operations Subcommittee on International Operations and the General Accounting Office on specific questions connected with the mutual security programs.

The committee began hearings May 22 and continued receiving testimony through June 28 when the last of 91 witnesses was heard.

All of the information available has confirmed the committee's position that the mutual security program is essential to the national interest and security of the United States and should be continued.

EVENTS HAVE REMOVED UNCERTAINTIES OF A YEAR AGO

Events of the past year have removed the major uncertainties that existed a year ago as to the future direction and magnitude of the mutual security program. The savage suppression of the Hungarian revolt last October made clear that the post Stalin Soviet regime was no less determined to use military force to attain its objectives than its predecessor. Any hope that may have existed that the old Soviet threat had been replaced by a new model has been removed. During recent months the increasing importance of our relations with the underdeveloped nations of Asia and Africa has been reemphasized. It is clear that the United States must be prepared to assist such nations and that our aid must be available in a form and subject to conditions which will be better adapted to the situations that exist in these countries.

Events clearly indicate that we must continue to provide military assistance to our allies and that we must expand and improve our programs of assistance to underdeveloped countries.

EVIDENCE OF DEFICIENCIES IN ADMINISTRATION

The committee has given careful consideration to reports issued by the Committee on Government Operations which have indicated deficiencies in the administration of certain aspects of the mutual security program and to unfavorable reports that have appeared in magazine articles. The committee has not attempted to reinvestigate or evaluate specific incidents or charges. Its primary concern has been to determine whether or not the administrative procedures and fiscal controls have been adequately modified to correct the deficiencies which have been reported. The International Cooperation Administration has reported significant improvements in the programing process, project administration, personnel selection and fiscal management. The General Accounting Office has reported to the committee that action has been initiated to correct most of the deficiencies which its audits have revealed.

The committee believes that in no case has it been demonstrated that the administration of the program was so deficient that it would have been better to have terminated our effort. Even in Iran, where the most serious administrative shortcomings were found, the net result has been strikingly successful. The consensus of informed observers is that without United States assistance Iran would have been taken over by the Communists.

The committee regards one of its primary obligations to be the prevention of wasteful expenditures in the field of foreign policy. Two important structural changes to eliminate defects in the operations of previous years have been incorporated in this year's legislation. One has been the requirement that long-range economic development shall be financed on a loan rather than a grant basis. The other basic improvement has been the elimination of the necessity for obligating funds for economic development on a fiscal year basis. This will make unnecessary the submission to Congress of "illustrative programs" for this type of aid and should prevent last-minute, ill-considered obligations. The committee has adjusted the amounts authorized to reflect its evaluation of minimum requirements.

The committee feels an obligation to point out that the justification of the mutual security program is its contribution to the security and welfare of the United States. Even those who are most critical of the way it has been administered must recognize that action on the pending bill is not primarily a matter of endorsing the past administration of the program.

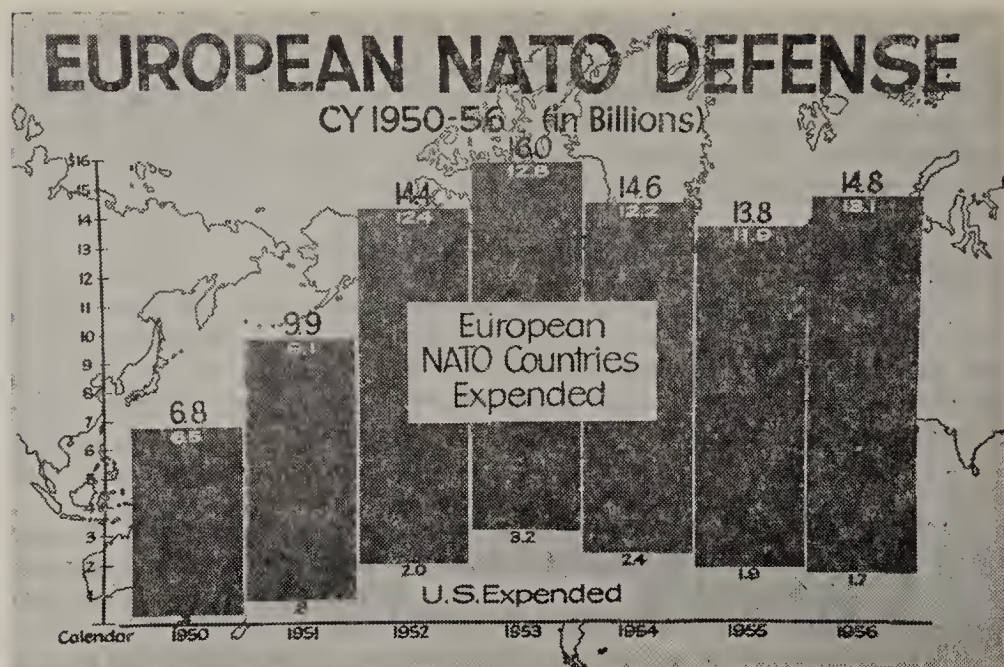
CONTRIBUTION OF OUR ALLIES

There have been a number of incidents during the past year which have raised questions as to whether or not the nations which have been the beneficiaries of our military aid are still interested in maintaining an effective defense against the Soviet threat. The committee believes that isolated facts as to national budgets or periods of conscription have tended to distort the impressive record which our allies have made.

It should be noted that three of the largest recipients of the defense funds authorized in this bill are Korea, the Chinese on Formosa, and Turkey. No one can doubt that these nations are ready, able, and willing to fight should a Communist attack occur.

Furthermore, many people do not recognize that, important as the United States contributions to the free-world defense efforts of our allies have been, our contributions have been small compared to their own defense expenditures. In 1950, for example, when we began our military assistance programs, our expenditures for assistance to European NATO countries amounted to \$300 million. In that year these countries themselves made defense expenditures of \$6.5 billion. In 1953, when our expenditures for aid to these countries increased to \$3.2 billion, they spent \$12.8 billion for defense; their share of the \$16 billion total was thus 80 percent. And in 1956, when our contribution to their efforts amounted to \$1.7 billion, our NATO partners in Europe expended for defense \$13.1 billion, or almost 90 percent of the total of our military assistance and their defense expenditures combined.

Equally striking is a comparison of our total aid expenditures with the defense expenditures of all our grant-aid allies, considering that even relatively small military establishments are a great economic burden for many of them. United States expenditures from 1950 through 1956 for military assistance to the European NATO countries totaled \$12.3 billion, and for such aid to other grant-aid countries, \$5.1 billion, for a cumulative total of \$17.4 billion. In addition, during this period foreign nations have used their own funds to purchase from the United States weapons and military equipment valued at slightly more than \$1 billion. The defense expenditures of the NATO countries of Europe amounted to \$78 billion during that same period, and those for our other grant-aid allies were approximately \$15 billion—a total of \$93 billion expended by these allies in the joint defense effort. Thus, the nations receiving grant military assistance from us have spent for defense about \$5½ for every dollar that we have put into such assistance. This essential mutuality in the defense activities of ourselves and our free-world partners is the greatest source of strength in this effort to insure lasting peace and security.



It is impossible for us to estimate what military strength the other nations of the free world would now have were it not for our military assistance program. However, we can get some indication of the contribution which the program has made by looking at the progress of our allies since the beginning of the mutual effort. In 1950, our allies' active ground forces numbered about 3½ million men, mostly ill-trained and poorly-equipped. In their naval forces were fewer than 1,000 combatant vessels. Their air forces were equipped with about 11,500 aircraft, of which fewer than 500 were jets.

By the end of 1956, there were 4.8 million men in the ground forces of our allies—an increase of 37 percent. In their navies were over 2,300 combatant vessels, an increase of 139 percent. Their air forces were equipped with over 12,000 conventional aircraft, and the number of jet aircraft had increased to nearly 11,000—22 times as many as they had in 1950.

Distribution of fiscal year 1958 program, by region, country, title and function

[NOTE.—This table reflects the executive branch request for appropriations totaling \$3,864,410,000 which has been reduced in the authorizing legislation. Together with reappropriations for military assistance (\$500 million) and Palestine refugees (\$23.8 million) expected to be requested, and \$47,548,000 Asian economic development funds which remain available under existing legislation, the total of \$4,435,758,000 was proposed to finance the programs shown in the table below. XX represents classified figures.]

[In thousands of dollars]

Region and country	Title I—Mutual defense assistance			Title II Develop- ment loan fund	Title III Techni- cal co- opera- tion	Title IV Other pro- grams	Total
	Chapter I Military assistance	Chapter 3 Defense support	Title I Total				
Total, all programs.....	2, 400, 000	900, 000	3, 300, 000	500, 000	168, 900	466, 858	4, 435, 758
Europe—Total	338, 509	30, 000	368, 509	-----	3, 500	29, 900	401, 909
Austria	XX	-----	XX	-----	-----	-----	XX
Belgium-Luxembourg.....	XX	-----	XX	-----	-----	-----	XX
Denmark	XX	-----	XX	-----	-----	-----	XX
France	XX	-----	XX	-----	-----	-----	XX
Germany	XX	-----	XX	-----	-----	-----	XX
Italy	XX	-----	XX	-----	-----	-----	XX
Netherlands	XX	-----	XX	-----	-----	-----	XX
Norway	XX	-----	XX	-----	-----	-----	XX
Portugal	XX	-----	XX	-----	-----	-----	XX
Spain	XX	-----	XX	-----	1, 000	-----	XX
United Kingdom.....	XX	-----	XX	-----	-----	-----	XX
Yugoslavia	XX	-----	XX	-----	2, 500	15, 000	XX
Joint control areas.....	-----	-----	-----	-----	-----	11, 370	11, 370
Interregional expenses.....	-----	-----	-----	-----	-----	430	430
European technical ex- change	-----	-----	-----	-----	-----	2, 300	2, 300
European scientific and engineering training.....	-----	-----	-----	-----	-----	800	800
Undistributed	-----	XX	XX	-----	-----	-----	XX
Near East, South Asia and Africa—Total	390, 407	202, 000	592, 407	-----	59, 700	43, 100	695, 207
Near East countries—Sub- total	XX	XX	XX	-----	23, 960	XX	469, 738
Greece	XX	XX	XX	-----	810	-----	XX
Iran	XX	XX	XX	-----	6, 000	-----	XX
Iraq	XX	-----	XX	-----	2, 835	-----	XX
Israel	-----	-----	-----	-----	2, 000	XX	XX
Jordan	-----	-----	-----	-----	2, 200	-----	2, 200
Lebanon	-----	-----	-----	-----	2, 100	-----	2, 100
Turkey	XX	XX	XX	-----	5, 595	-----	XX
Palestine refugees.....	-----	-----	-----	-----	-----	23, 800	23, 800
Regional and undis- tributed	-----	-----	-----	-----	2, 420	-----	2, 420
South Asia countries—Sub- total	XX	XX	XX	-----	24, 040	XX	170, 379
Afghanistan.....	-----	-----	-----	-----	3, 000	XX	XX
Ceylon	-----	-----	-----	-----	1, 600	-----	1, 600
India	-----	-----	-----	-----	10, 000	-----	10, 000
Nepal	-----	-----	-----	-----	1, 440	XX	XX
Pakistan	XX	XX	XX	-----	8, 000	-----	XX
Africa countries—Subtotal.....	XX	XX	XX	-----	11, 700	XX	55, 089
Ethiopia	XX	XX	XX	-----	3, 000	-----	XX
Ghana	-----	-----	-----	-----	800	-----	800
Liberia	-----	-----	-----	-----	2, 100	-----	2, 100
Libya	XX	XX	XX	-----	2, 400	-----	XX
Morocco	-----	XX	XX	-----	1, 300	-----	XX
Tunisia	-----	-----	-----	-----	1, 000	XX	XX
Overseas Territories.....	-----	-----	-----	-----	1, 100	XX	XX

Distribution of fiscal year 1958 program, by region, country, title and function—Con.

[In thousands of dollars]

Region and country	Title I—Mutual defense assistance			Title II Develop- ment loan fund	Title III Techni- cal co- opera- tion	Title IV Other pro- grams	Total
	Chapter I Military assistance	Chapter 3 Defense support	Title I Total				
Far East and Pacific—Total.....	689,829	668,000	1,357,829	-----	39,000	48,548	1,445,377
Far East and Pacific—Sub- total.....	689,829	668,000	1,357,829	-----	39,000	1,000	1,397,829
Cambodia.....	XX	XX	XX	-----	2,500	-----	XX
Indonesia.....	-----	-----	-----	-----	7,000	-----	XX
Japan.....	-----	XX	XX	-----	3,100	-----	XX
Korea.....	XX	XX	XX	-----	7,000	-----	XX
Laos.....	XX	XX	XX	-----	2,000	-----	XX
Philippines.....	XX	XX	XX	-----	4,000	-----	XX
China (Taiwan).....	XX	XX	XX	-----	3,000	-----	XX
Thailand.....	XX	XX	XX	-----	5,000	-----	XX
Vietnam.....	XX	XX	XX	-----	4,900	-----	XX
Regional and undis- tributed.....	-----	-----	-----	-----	500	XX	XX
President's fund for Asian economic development.....	-----	-----	-----	-----	-----	47,548	47,548
Latin America—Total.....	25,956	-----	25,965	-----	36,500	32,000	94,456
Bolivia.....	-----	-----	-----	-----	3,400	XX	XX
Brazil.....	XX	-----	XX	-----	4,455	-----	XX
Chile.....	XX	-----	XX	-----	2,670	-----	XX
Colombia.....	XX	-----	XX	-----	1,590	-----	XX
Costa Rica.....	-----	-----	-----	-----	1,181	-----	1,181
Cuba.....	XX	-----	XX	-----	650	-----	XX
Dominican Republic.....	XX	-----	XX	-----	210	-----	XX
Ecuador.....	XX	-----	XX	-----	2,000	-----	XX
El Salvador.....	-----	-----	-----	-----	1,050	-----	1,050
Guatemala.....	XX	-----	XX	-----	2,550	XX	XX
Haiti.....	XX	-----	XX	-----	1,550	XX	XX
Honduras.....	XX	-----	XX	-----	1,500	-----	XX
Mexico.....	-----	-----	-----	-----	1,250	-----	1,250
Nicaragua.....	XX	-----	XX	-----	980	-----	XX
Panama.....	-----	-----	-----	-----	1,300	-----	1,300
Paraguay.....	-----	-----	-----	-----	1,580	-----	1,580
Peru.....	XX	-----	XX	-----	2,910	-----	XX
Uruguay.....	XX	-----	XX	-----	510	-----	XX
Venezuela.....	-----	-----	-----	-----	210	-----	210
Overseas territories.....	-----	-----	-----	-----	890	-----	890
Regional and undistrib- uted.....	-----	-----	-----	-----	2,534	XX	XX
Organization of American States (OAS).....	-----	-----	-----	-----	1,500	-----	1,500
Nonregional programs—Total.....	955,299	-----	955,299	500,000	30,200	313,310	1,798,809
Military assistance—Total.....	955,299	-----	955,299	-----	-----	-----	955,299
Administrative ex- penses.....	25,500	-----	25,500	-----	-----	-----	25,500
Advance weapons.....	296,462	-----	296,462	-----	-----	-----	296,462
Facilities assistance.....	20,000	-----	20,000	-----	-----	-----	20,000
International military headquarters.....	6,550	-----	6,550	-----	-----	-----	6,550
Internal security pro- grams.....	10,000	-----	10,000	-----	-----	-----	10,000
Loans and reimburse- ments.....	175,000	-----	175,000	-----	-----	-----	175,000
Mutual weapons devel- opment.....	40,000	-----	40,000	-----	-----	-----	40,000
NATO infrastructure.....	109,400	-----	109,400	-----	-----	-----	109,400
Nutritional survey.....	300	-----	300	-----	-----	-----	300
Packing, crating, hand- ling, and transporta- tion.....	131,400	-----	131,400	-----	-----	-----	131,400
Training.....	9,020	-----	9,020	-----	-----	-----	9,020
UN Forces support.....	12,000	-----	12,000	-----	-----	-----	12,000
Miscellaneous world- wide programs.....	119,667	-----	119,667	-----	-----	-----	119,667

Distribution of fiscal year 1958 program, by region, country, title and function—Con.

[In thousands of dollars]

Region and country	Title I—Mutual defense assistance			Title II Develop- ment loan fund	Title III Techni- cal co- opera- tion	Title IV Other pro- grams	Total
	Chapter I Military assistance	Chapter 3 Defense support	Title I Total				
Nonregional programs—Con.							
Other programs—Total				500,000	30,200	313,310	843,510
Development loan fund				500,000			500,000
UN expanded program of technical assistance					15,500		15,500
Special assistance						(300,000)	(300,000)
Less: Funds distributed to program reflected under other items in this presentation						(-100,100)	(-100,000)
Undistributed special assistance						199,900	199,900
Migrants, refugees and escapees:							
ICEM						12,500	12,500
UN refugee fund						2,233	2,233
Escapee program						5,500	5,500
Hungarian refugee program						10,000	10,000
Children's welfare						11,000	11,000
NATO civilian headquarters (building fund)							
Ocean freight (voluntary relief)						2,700	2,700
Control act expenses						2,200	2,200
Administrative expenses:						1,300	1,300
ICA						35,000	35,000
State, sec. 411 (d)						4,577	4,577
Atoms for Peace program						7,000	7,000
Malaria eradication program						19,400	19,400
Interregional expenses					14,700		14,700

Fiscal analysis of mutual security program for fiscal year 1958

	Fiscal year 1957 appropriation	Fiscal year 1958 authorization request	Fiscal year 1958 appropriation request	Senate bill	House amend- ment
Title I. Mutual defense assistance:					
Ch. 1. Military assistance (sec. 103 (a))	\$2,017,500,000	(1)	\$1,900,000,000	2 \$1,800,000,000	3 \$1,500,000,000
Ch. 3. Defense support (sec. 131 (b))	1,161,700,000	(1)	900,000,000	4 800,000,000	5 700,000,000
Total, title I	3,179,200,000		2,800,000,000	8 2,600,000,000	2 200,000,000
Title II. Development loan fund (sec. 203 (a))	6 250,000,000	(7) \$500,000,000	500,000,000	7 500,000,000	8 500,000,000
Title III. Technical cooperation:					
Bilateral (sec. 304)	135,000,000	(1)	151,900,000	151,900,000	151,900,000
Multilateral (sec. 306):	15,500,000	\$15,500,000	15,500,000	15,500,000	15,500,000
(a) U. N. expanded program	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
(b) Organization of American States					
Total, title III	152,000,000		168,900,000	168,900,000	168,900,000
Title IV. Other programs:					
Sec. 400 (a). Special assistance		300,000,000	300,000,000	250,000,000	275,000,000
Sec. 400 (b). Latin American economic development				25,000,000	25,000,000
Sec. 401 (b). Special Presidential Fund	100,000,000				
Sec. 403. Joint control areas	12,200,000	11,500,000	11,500,000	11,500,000	11,500,000
Sec. 405. Migrants, refugees, escapees:					
(a) Intergovernmental Committee for European Migration	12,500,000	(9)	12,500,000	(9)	(9)
(b) U. N. Refugee Fund	1,900,000	2,233,000	2,233,000	2,233,000	2,233,000
(c) U. N. Refugee Fund	6,000,000	5,500,000	5,500,000	5,500,000	5,500,000
(d) Escapee program	10,000,000	11,000,000	11,000,000	11,000,000	11,000,000
(e) Children's Fund	(10)	(10)	2,700,000	(10)	(10)
Sec. 406. North Atlantic Treaty Organization	2,500,000	2,200,000	2,200,000	2,200,000	2,200,000
Sec. 409 (c). Ocean freight charges	1,175,000	1,300,000	1,300,000	1,300,000	1,000,000
Sec. 410. Control Act expenses	33,595,000	35,000,000	35,000,000	33,000,000	33,000,000
Sec. 411 (b). Administrative expenses	(11)	(11)	11 4,577,000	(11)	(11)
Sec. 411 (d). State Department administrative expenses					
Atomic program:					
Sec. 12 (a) (of MSA, 1956)	5,500,000	7,000,000	7,000,000	7,000,000	7,000,000
Sec. 419 (to be added to MSA, 1954)					
Total, title IV	185,370,000	375,733,000	395,510,000	348,433,000	373,433,000
Total	12 3,766,570,000	(12)	3,804,410,000	3,617,333,000	3,242,333,000

¹³ The administration authorization request for continuing authorization for military assistance, defense support, and technical cooperation does not permit the calculation of an authorization request sum for fiscal year 1958.

NOTE.—The differences between the administration *appropriation* request and the *authorization* reported by the committee are as follows:

Military assistance.....	—\$400,000,000
Defense support.....	—200,000,000
Special assistance.....	—25,000,000
Control Act expenses.....	—300,000
Administrative expenses.....	—2,000,000
Other appropriations requested and previously authorized:	
Intergovernmental Committee for European Migration.....	—12,500,000
North Atlantic Treaty Organization.....	—2,700,000
State Department administrative expenses.....	—4,577,000
Subtotal.....	—647,077,000
Latin American economic development.....	+25,000,000
Total.....	—622,077,000

¹ Continuing authorization requested.

² Also authorizes \$1,500,000,000 for fiscal year 1959.

³ No additional authorization required for fiscal year 1959.

⁴ Also authorizes \$710,000,000 for fiscal year 1959.

⁵ For fiscal year 1958.

⁶ Title II in fiscal year 1957 was called development assistance.

⁷ Also authorizes borrowing authority of \$750,000,000 in each of fiscal years 1959 and 1960.

⁸ Also authorizes borrowing authority of \$500,000,000 in each of fiscal years 1959 and 1960.

⁹ Continuing authorization is already in law.

¹⁰ This is a continuing authorization. Funds for this item for fiscal years 1957 and 1958 are carried in the Department of State appropriation. The \$2,700,000 appropriation request for fiscal year 1958 represents the United States contribution to the construction of NATO civilian headquarters building.

¹¹ Funds for State Department administrative expenses for fiscal year 1957 are included in the \$33,595,000 appropriation made for sec. 411 (b). Pursuant to authority in sec. 411 (c) \$1,150,000 was transferred from "Development assistance" to "Administrative expenses" to cover the cost of administering programs under Public Law 480. Thus the total administrative expenses for fiscal year 1957 are \$34,745,000. The comparable administrative costs for fiscal year 1958 are the total of sec. 411 (b) and (c) or \$37,577,000.

¹² In addition Congress appropriated a carryover of \$195,500,000 for military assistance and \$45,300,000 for United Nations Relief and Works Agency, total \$240,800,000. Thus the money available for fiscal year 1957 is \$4,007,370,000.

SECRET VOLUMES AVAILABLE TO MEMBERS OF THE HOUSE

A lot of the material submitted to the committee in support of the mutual security legislation is classified and cannot be released. Nearly all the details concerning the military assistance program are secret, and there are a number of other items relating to specific countries which cannot be given out.

Part of this information is classified because it would aid our enemies if it were known to them. If the remainder of it became known, it would, in the judgment of our officials, injure us in our relations with other nations. The committee is obligated to observe these restrictions.

Neither the committee nor the Executive desires to keep any of this classified material away from any member of the House. The most complete statement of the program is contained in seven looseleaf volumes which are marked secret. A set of these volumes is available in the committee room on the gallery floor where it can be examined by any Member of the House who is willing to accept the obligation not to divulge the classified information. The volumes will also be available at the committee table while the bill is under consideration on the floor under the same conditions.

By no means all of the information in these volumes is classified and every item classified is clearly marked so that it is not difficult for anyone examining the volumes to make certain what items are releasable.

PROVISIONS OF THE BILL

SECTION 2.—MILITARY ASSISTANCE

Subsection 2 (a) (1). Authorization

The bill authorizes \$1,500 million for military assistance for fiscal year 1958. This is a reduction of \$400 million from the executive branch appropriation request and a reduction of \$300 million from the Senate bill.

The military assistance funds in this bill are an integral part of the defense of the United States. This committee has repeatedly received testimony to the effect that military assistance is vital to the protection of the continental United States. For example, in 1955 Admiral Radford testified—

* * * the military aid program is part and parcel of the United States Defense Department program. The expenditures abroad in support of our alliances do not differ in purpose, scope, or objective from our own military expenditures. The fact that this part of our program is not included in the Defense Department budget is more a matter of procedure and administration than of substance (hearings, 1955, p. 239).

Again last year Admiral Radford testified that the mutual security program—

* * * is an essential part of the defense of the United States and of the free world. In planning military programs of the United States the existence and scope of the military assistance program is fully considered. There is no duplication. They supplement each other. Both are essential to our own national defense * * * (hearings, 1956, p. 333).

In line with these statements last year's report by the chairman of this committee urgently requested the executive branch to give consideration to inclusion of the military assistance funds in the Department of Defense budget so that funds for the defense of the United States could be considered together.

This year the executive branch requested that a continuing authorization be granted for military assistance so that military assistance could be included in the Department of Defense budget beginning with fiscal year 1959. The executive branch request would have eliminated any necessity for annual authorization of military assistance funds for following years. In future years, appropriations could have been made directly without any further action by the authorizing committee. The Senate refused to adopt this approach and instead authorized a military assistance appropriation for fiscal year 1958 of \$1,800 million and an authorization for fiscal year 1959 of \$1,500 million.

Both the executive branch approach of a continuing unlimited authorization and the Senate approach of a 2-year authorization contained in this year's bill have obvious difficulties. If the executive branch approach were to be adopted, military assistance funds could indeed be included in the Department of Defense budget, but if this were to occur under the executive branch language a large measure of congressional control over the funds would be eliminated in that it would be most difficult for the legislative committees to review the program and to exercise policy direction and control. When particular problems arose, it would, of course, be possible for those committees to examine the question and to give policy guidance, but it would not be practical to review the program on a continuing basis, and it would be most difficult to impose any restraints. The Senate proposal also has serious difficulties. The executive branch would be able to place military assistance in the Department of Defense budget for next year only if the executive branch request for fiscal year 1959 did not exceed \$1.5 billion, and since no program for fiscal year 1959 has yet been proposed or presented, it is impossible at this point to predict whether the request will actually come within this ceiling. It would not be able to do so at all the following year, since an authorization is necessary for any appropriation and since the Department of Defense budget is presented long before the authorization request for mutual security is presented by the executive branch. Under the Senate approach the military assistance appropriations could be requested in the Department of Defense budget for fiscal year 1959 if they did not exceed \$1.5 billion; if the executive branch request for fiscal year 1959 turned out to be more than that amount, an additional authorization and a supplemental appropriation might be necessary. The executive branch would again have to return to a separate authorization and appropriation for fiscal year 1960.

This committee explored possible solutions to the problem of reaching a balance between the advantage of placing military assistance funds in the Department of Defense budget and the disadvantage of the diminution of congressional control over the military assistance program. The technique adopted was to make a specific dollar authorization for this year, since the funds obviously cannot be placed in the Department of Defense budget for fiscal year 1958, and to grant an unlimited authorization for fiscal year 1959.

It is contemplated that next year the military assistance funds will be placed in the Department of Defense budget and that the Committees on Foreign Affairs and Foreign Relations will review the proposed program for that year. If the proposed programs appear to be unreasonable or if there appears to have been laxity in the management of the program, the committee can then insert a dollar limitation for fiscal year 1960 or refuse to authorize for fiscal year 1960 thereby compelling the executive branch to return to the authorizing committees for policy guidance for that fiscal year. Under this system, the executive branch is enabled to place the military assistance funds request in the Department of Defense budget, but at the same time the committees exercise a firm residual authority to refuse to authorize the program or to place dollar limitations on the authorization and to make corrections should laxity, mismanagement, or waste be evident.

The executive branch also requested authority for military assistance funds to remain available until expended. This is not a new authority. It has been included in the authorizing legislation the last 2 years. The bill as approved by the committee contains this authority. This will in effect make the military assistance appropriation a no-year appropriation. The committee has been impressed that the annual requirement to obligate funds by June 30 is frequently conducive to waste and to unwise obligation. Consequently, the requirement that all funds be obligated by June 30 of the fiscal year is removed. This will have the additional advantage of easing the administrative burden in the procurement of extremely long-lead-time items such as complicated jet aircraft and naval vessels.

The executive branch originally requested an appropriation of \$2.4 billion for military assistance; subsequently, because of claimed savings effected in the program for prior years, the request was reduced to \$1.9 billion with an additional request to carry over the \$500 million in savings. Consequently, the total request still amounts to \$2.4 billion even though the new money requested is only \$1.9 billion. The \$2.4 billion figure is divided by region as follows:

Europe.....	\$338, 509, 000
Near East, south Asia, and Africa.....	390, 407, 000
Asia and Pacific.....	689, 829, 000
Latin America.....	28, 447, 000
Nonregional.....	642, 992, 000

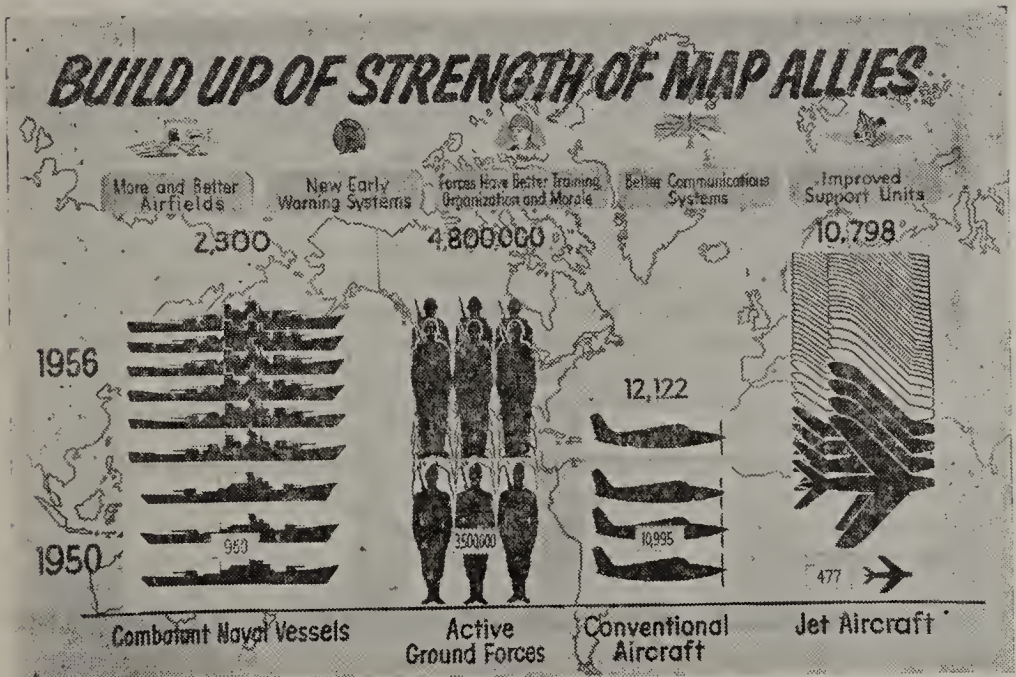
The committee, however, reduced the \$1.9 billion figure by \$400 million. The basis of the reduction was the large amount of unliquidated obligations presently in the pipeline. The latest executive branch estimate shows that as of June 30, 1957, the following amounts of undelivered military items financed with 1950 through 1957 funds were in the pipeline:

Europe.....	\$1, 488, 219, 000
Far East.....	780, 257, 000
Near East and south Asia.....	493, 467, 000
Latin America.....	32, 251, 000
Nonregional.....	1, 060, 119, 000

The committee is of the opinion that there are sufficient funds in the pipeline to continue normal operations without the necessity for the appropriation of the additional \$400 million cut by the committee. For Europe alone there are no less than \$1,488,219,000 in unliquidated obligations. The committee is not convinced that the European pipeline has been fully adjusted to changing strategic concepts in

that area. A substantial amount of the undelivered equipment programed for Europe would be suitable for use by nations in Asia and the Near East.

The need for the military assistance program is clear. Our assistance is a vital adjunct to the defense efforts of our allies and to our own defense. Without our assistance and our support, our friends might well falter and not make the necessary efforts to protect themselves. With the funds provided, the United States will assist in the support of more than 200 divisions, more than 2,300 naval vessels, more than 10,000 jet aircraft, and more than 12,000 conventional aircraft. The buildup of the strength of our free world allies is graphically illustrated by the accompanying chart.



If the United States were to endeavor to achieve a comparable defense status from its own funds and manpower, it would be impossible. For example, it costs per year to pay, house, feed, and clothe the average military man of our allies on his own soil, for Turks, \$105; for Koreans, \$117; for free Chinese, \$142; for Italians, \$837; while the comparable cost for a United States military man, without arms, is \$3,511, to which must be added \$3,000 per year for transportation and maintenance, making a total of approximately \$6,600.

NATO provides the shield behind which Western Europe is rebuilding and becoming strong. Our assistance provides confidence and strength in a vital part of the world. The committee is of the clear opinion that the NATO effort should continue and that our defenses should be strong in the European area. Korea, Taiwan, and Vietnam in Asia, steadfastly resist Communist pressure and Communist threats. With our assistance, these small nations are able to withstand overwhelming numbers and continuing pressures. Without our assistance these vital parts of Asia would, in our opinion, fall under Communist domination. In Korea the forces of the Republic of Korea occupy

the line with American troops. Our forces in Korea are being strengthened with a buildup of modern weapons as a result of the Communist duplicity in failing to live up to the terms of the armistice agreements. If we were to abandon our assistance to Korea, either the line would have to be manned with American soldiers or else we would face the threat of complete loss of that area for which so much treasure and so much blood was expended. There would be grave weakening throughout Asia of confidence in the United States and its will to stand up against Communist threats and blandishments.

Chaotic conditions prevail in the Near East and there are serious threats to the security of the United States. Our major military assistance efforts in that area go to Greece, Turkey, and Iran. Nothing further need be added concerning the fearless stand taken by each of those countries toward Red threats and Red aggression.

This year an effort has been made to remove excess and obsolete provisions from the Mutual Security Act. Accordingly, prior year authorizations are deleted even though the authority to expend these funds continues. For this reason, paragraph 2 (a) (1) strikes out the present subsection 103 (a) and substitutes therefor the new language authorizing additional appropriations.

Paragraph 2 (a) (2) strikes out a reference to section 124 in subsection 103 (b) to conform with the repeal of section 124 by section 3.

Paragraph 2 (a) (3) adds a new sentence to subsection 103 (c). Subsection 103 (c) presently permits the use of appropriated military assistance funds for the sale of military end items on a credit basis with repayment being permitted either in dollars or local currencies. The section also provides that in cases where repayment is to take place within 10 years the recipient country need not have signed a standard bilateral military assistance agreement, as required under section 142, nor need it meet the conditions specified in sections 105 and 141. The only requirement is that the President shall have received commitments satisfactory to him that the equipment, materials, or services are required and will be used by the recipient nation solely to maintain its internal security or its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part or in collective security arrangements and measures, and that it will not undertake any act of aggression against any other state.

Under the existing language repayments under this section, whether in dollars or in local currency, may not be reused in the program. Under the proposed language dollar receipts may be reused for similar sales of military equipment or services, and foreign currency receipts may be reused for military assistance, without regard to section 1415 of the Supplemental Appropriation Act of 1953, where the credit terms extend no longer than 3 years. A limit of \$175 million is placed on the funds which may be used to finance this program. The limitation stems from the fact that a program of \$175 million was presented to the committee by the executive branch under which these funds would be used to finance the purchase of equipment and materials and to create a stockpile of equipment for sale, particularly with respect to spare parts. The committee was given to understand that many nations now receiving grant military assistance are capable of and have indicated a willingness to purchase spare parts and end items. The \$175 million program is intended to facilitate a change from a grant to a reimbursable form of military assistance.

Subsection 2 (b). Infrastructure

Subsection 2 (b) amends subsection 104 (a) of the Mutual Security Act dealing with infrastructure.

The United States has been contributing a portion of the cost of financing international military construction under the North Atlantic Treaty Agreement since 1951. This military construction includes airfields, communication facilities, fuel distribution and storage systems, naval bases and war headquarters.

All NATO nations have contributed to financing this construction on the basis of cost-sharing formulas which have varied somewhat from time to time. The United States share has ranged between 38 and 41 percent of the total. It has been necessary to have a division of the cost among all countries because it would be unfair for the country in which the particular installations are located to assume the full burden of the cost of such construction. Each host country does contribute the land occupied without any reimbursement.

The United States is authorized, under existing law, to contribute a total of \$780 million toward a program, the total cost of which is \$1,969 million. This is 39 percent. Congress has appropriated funds sufficient to make a contribution of \$633.8 million against this authorization of \$780 million. In 1956 the North Atlantic Council agreed to an additional infrastructure program to be carried over a 4-year period at a total cost of \$630 million. The United States share is \$220 million or 34.7 percent.

This additional infrastructure program is aimed primarily at providing facilities to survive an initial atomic attack and the first phases of an atomic war. These include an early warning system, a forward scatter command communications system and dispersal of airfields.

This subsection authorizes an increase of the total authorized contributions for infrastructure from \$780 million to \$1 billion in order to permit the United States to contribute its \$220 million share to the new 4-year program. It is anticipated that only \$109,400,000 from the military assistance appropriations will be used in fiscal year 1958 under this ceiling. The subsection also deletes an authorization for appropriations of \$321 million enacted in the Mutual Security Act of 1954.

It is the understanding of the committee that military assistance funds authorized under section 103 may be used to finance infrastructure within the ceilings established in section 104.

Subsection 2 (c). Repeal of obsolete reference

Subsection 2 (c) strikes out a reference to section 121 in paragraph 105 (b) (3) in order to conform with the repeal of section 121 by section 3.

Subsection 2 (d). Technical change

Paragraph 2 (d) (1) changes references in section 107, relating to waivers, from title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e), to title 10, United States Code, section 7307 (a), in order to conform with the recent codification of titles 10 and 34 to a new title 10.

Paragraph 2 (d) (2) similarly changes a reference to the old title 10, United States Code, to the correct references in the new title 10.

Subsection 2 (e). Repeal of obsolete section

Subsection 2 (e) repeals section 108 of the Mutual Security Act, which authorized the transfer of certain military equipment to Japan. The authority conferred by section 108 expired on June 30, 1956; consequently, the section is obsolete.

SECTION 3. REPEAL OF OBSOLETE LANGUAGE

Section 3 repeals chapter 2 of title 1; that is, sections 121, 122, 123, and 124. The repealed sections are obsolete in that they contain prior year authorizations for special assistance in southeast Asia and western Pacific, for special assistance to the United Kingdom, for common use items, and for direct forces support. A portion of the authority contained in section 121 is continued by subsection 5 (c) as a new section 144.

SECTION 4. DEFENSE SUPPORT

Section 4, dealing with defense support, repeals obsolete language in chapter 3, title 1, of the Mutual Security Act, authorizes an appropriation of \$700 million for the next fiscal year to remain available until expended, and makes certain other amendments to existing law.

Defense support originally was conceived as a means to give non-military support to the military efforts of certain countries eligible to receive military assistance. It was designed to provide such supplemental economic assistance as a recipient country might require to carry on a defense effort of the size and type which United States policy regarded as necessary and which the country itself could not finance from its own resources. The concept was subsequently broadened to include all nonmilitary aid, except technical cooperation, to those countries to which the United States was also furnishing military assistance. Under this concept the content of defense support programs must necessarily vary from country to country.

The single word "specifically" has been added to the definition of defense support. The objective is to narrow the purpose of the programs carried out under this section. Henceforth, defense support will be limited to that aid necessary to assure the maintenance of United States military bases abroad or to enable a country to raise and support military forces for the common defense. Any assistance beyond these limitations must come from other sources such as the loan fund or from special assistance.

The committee recommends an authorization of \$700 million for fiscal year 1958—a reduction of \$461.7 million from last year's appropriation and \$200 million below the executive branch request for this fiscal year. This reduction is justified by the more rigid definition of defense support and the improved economic conditions of some countries that hitherto have received such assistance. The principal shift in emphasis has been to the countries in the Near East and the Far East. More than 80 percent of the sum requested by the Executive has been planned for use in Greece, Turkey, Iran, Pakistan, Korea, Taiwan, and Vietnam. The marginal aid they receive under defense support makes it possible for each of them to maintain internal stability and to make a military contribution to the support of the free world that they otherwise could not make. Should the situation in any of the countries require an increase in the level of defense support, it can be financed by the special assistance fund or by transfers permitted under section 501.

The committee amended the Senate bill by striking out the provision for a 2-year authorization and inserting an authorization for 1 year to remain available until expended. This is a program that has been closely scrutinized each year by the committee. At this time the Executive understandably cannot present any justification for a specific sum for fiscal year 1959. Hence the committee is unwilling to authorize an amount that cannot be defended before the House. Moreover, the tightening up of the definition of defense support permits a review by the committee and the Congress to determine that it is not a disguised form of economic development aid. Although the program is justifiable only to the extent that it contributes to military strength, it is still an economic program. Hence it should be administered by those handling nonmilitary assistance. This point is emphasized by the language in section 10 (a) of the bill that defense support programs shall be carried out only through the Secretary of State and his subordinates. Thus, the Administrator of ICA, a subordinate of the Secretary of State, will continue to administer this part of the mutual security program.

Subsection 4 (b) of the bill repeals section 132 of the Mutual Security Act of 1954. That section relates to the Korean program. Its provisions are now obsolete except for one subsection granting special authority to meet the special situation in Korea. This authority is reenacted by paragraph 4 (a) (4) of the bill as a new subsection 131 (d) of the act.

SECTION 5. GENERAL PROVISIONS ON MILITARY ASSISTANCE

Subsection 5 (a). Deletion of obsolete references

Subsection 5 (a) deletes a reference to chapter 2 in subsection 142 (b) to conform with the repeal of chapter 2 by section 3. Subsection 5 (a) also removes the development loan fund from the requirements of subsection 142 (b) relating to agreements for grant development assistance and grant defense support. Since the development loan fund provisions preclude grant assistance, the reference to title II is obsolete.

Subsection 5 (b). Aid to Yugoslavia

Subsection 5 (b) of the bill amends section 143 of the Mutual Security Act, relating to aid to Yugoslavia. The latter section was added to the law last year and prohibited the furnishing of assistance to Yugoslavia unless the President made certain findings with respect to Yugoslavian policies and the national security of the United States. The determination required by that section was made by the President and reported to Congress as required by law.

The new language reflects the committee's concern that further assistance to Yugoslavia shall be a matter of constant examination by the President to determine that such assistance is in our national interest. As a condition of aid to that country, it requires that the President shall continuously assure himself: (1) that Yugoslavia continues to maintain its independence; (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world; and (3) that the furnishing of such assistance is in the interest of the national security of the United States. Further, the President is required to keep the Foreign Affairs Committee of the House, the Foreign Relations Committee of the Senate, and the

Appropriations Committee of each body "fully and constantly informed of any assistance furnished to Yugoslavia under this act."

Subsection 5 (c). Reenactment of retained authority

Subsection 5 (c) reenacts a portion of the authority contained in the old section 121.

For fiscal year 1955, authorization was made in section 121 for forces' support in southeast Asia and the western Pacific in the amount of \$700 million. This authorization was intended to assist the French and the Associated States of Cambodia, Laos, and Vietnam in the Indochinese war and to support other forces in the area. These amounts were in addition to the regular authorization for military assistance. The authorization was much broader than the regular military assistance authority because of the need for flexibility in the area. Specifically, section 121 provided that in the case of Cambodia, Laos, and Vietnam assistance under title I could be furnished without a bilateral agreement having been concluded pursuant to section 142, or without their having met the conditions specified in section 141. Additionally, the President was authorized to waive the requirements of sections 141 and 142 in the case of assistance to other nations in the area, but not in excess of 10 percent of the amounts appropriated pursuant to section 121. This last authority can be traced back to section 303 (a) of the Mutual Defense Assistance Act of 1949 (22 U. S. C. 1604), which gave the President extremely wide authority for the expenditure of military assistance funds in the "general area" of China. Since fiscal year 1955, funds for this type of assistance in southeast Asia and the western Pacific have been sought under other headings in the act; consequently, the section is now obsolete except for the authority contained in the third and fourth sentences with respect to waiver of sections 141 and 142 as regards aid to Cambodia, Laos, Vietnam and other nations in the area. Section 121 is repealed by section 3 and the third and fourth sentences are continued as a new section 144 by this subsection.

SECTION 6. DEVELOPMENT LOAN FUND

This section repeals the existing authority for supplying development assistance and provides the basis for a fundamentally new approach to assisting the development of the nations of the less developed areas of the world.

In authorizing this new approach, the committee had in mind two fundamental considerations: *first*, the importance to the United States of helping to accelerate the development of less developed countries which are free from domination by the governments or organizations controlling international communism; *second*, the conviction that if we are to embark upon an accelerated development program, we must do it in a way that is sound and businesslike.

Throughout the less developed areas of the world but particularly in the vast stretches of Asia and Africa, the world has awakened to a new political fact: that the example set by the Western peoples in improving their own living conditions has given the peoples of Asia and Africa a determination to lift themselves above the level of grinding poverty which they and their ancestors have always known. This aspiration to economic growth has an intensity which approaches their determination to be free.

It is in the interest of the United States to help accelerate this economic development. It is in our interest because without a reasonable hope of improving their lives according to the pattern of free countries, these people may turn to those methods which have been employed so brutally in human terms—but with some ostensible success in economic terms: the methods of international communism.

This can happen should the people despair of progress under moderate leaders and reject these leaders for extremists who serve the cause of tyranny. Or it can happen should these moderate leaders themselves take the gamble of accepting aid and counsel too naively from the Soviet rulers—and thus lose their freedom.

Loss of these peoples' freedom would threaten freedom everywhere. Thus, eventually, it would threaten *our* freedom.

If it is important for the United States to promote the growth of less developed countries, it is essential that we seek to do this in a sound businesslike way, which will insure a full value for each dollar expended.

During the last year, intensive studies of the mutual security program have been carried out for the Congress, for the executive branch, and by outstanding private groups. The studies have concluded, almost without exception, that present annual appropriation procedures are not the most effective and businesslike way of providing development financing.

During its hearings last fall, the Foreign Affairs Committee heard a number of witnesses testify that annual appropriation processes do not encourage the receiving countries to use our aid for the long-term projects that are really needed. Lacking any assurance of continuity, these countries use our aid instead for short-term purposes, which are often wasteful. Nor can the United States itself plan ahead for the most effective use of the resources which it provides as assistance, if the amount of those resources cannot be predicted from year to year.

"The heart of the problem," as then Chairman Richards observed in his report to the committee, "is the annual authorization-appropriation cycle." To break away from this cycle, his report suggested that sufficient money should be made available for development financing to cover more than 1 year's operations.

Virtually every report dealing with this problem submitted to the Senate special committee which was studying foreign aid reached the same conclusion.

So did the studies that were made for the executive branch by the International Development Advisory Board, headed by Mr. Eric Johnston, and by the President's Citizen Advisers on Mutual Security, headed by Mr. Benjamin Fairless.

Private groups reached the identical conclusion. Subcommittees of the Committee for Economic Development and of the National Planning Association, which studied this problem under the chairmanship of leading businessmen, concluded that the uncertainties and delays attendant on the annual appropriation process have made it virtually impossible for either the administering United States agency or the recipient country to plan intelligently ahead, to program the most economical use of their resources over time, or to employ efficiently the limited number of technically trained people available. Both these reports suggested future borrowing authority for a development fund as one way to meet the problem.

Borrowing authority is the method that has been used to capitalize almost all Government lending agencies—the Export-Import Bank, the World Bank, the Reconstruction Finance Corporation, the farm credit agencies, and so on.

When each of these agencies was set up, many people thought of them as high risk operations—because they were designed to make loans that nobody else would make. But their loans contributed to increased production, and this enabled them eventually to be repaid.

It is believed that this will also be true of the Development Loan Fund. It will be repaid partly in local currencies, but those currencies can increasingly be used to acquire resources of value to the United States as the borrowing countries' development goes forward.

It is important that the Fund not only have future borrowing authority but also that its funds be available for obligation without time limit. Present obligational deadlines create pressures for hasty and wasteful uses of our resources. The Fund must be freed from these deadlines if it is to have the time needed to carry out both sound studies and complex negotiations looking to the most efficient use of its financing.

The committee believes that the basic choice before the Congress is clear: Will we continue the present method of providing development financing, which every group that has studied the problem agrees is wasteful? Or shall we place our development financing on a sound, businesslike basis, comparable to the Export-Import Bank and the World Bank?

If we are to move to a more businesslike basis, we must provide the Development Loan Fund with the assurance of future resources that any bank needs to operate effectively.

Only with this assurance can it plan ahead for the most effective use of its resources, as a sound enterprise should.

Only with this assurance can it stimulate the receiving countries to mobilize their resources for long-term measures of self-help.

And only with this assurance can the Fund work closely with private investors and existing public lending agencies in ways which will increase their activity.

Funds

In order to give this assurance, the bill provides an authorization of an appropriation of \$500 million to remain available until expended. In addition, for fiscal 1959 and fiscal 1960 authorization is provided for the United States Treasury to advance up to \$500 million beginning in each of these fiscal years to the Fund. These amounts were arrived at after consideration by the committee of the known projects which have been presented by the International Cooperation Administration and the estimates which have been made by various study and survey groups of the ability of the underdeveloped areas of the world to use development capital effectively. The borrowing authority authorized by the committee is 33½ percent less than the \$750,000,000 in fiscal year 1959, and the same amount in fiscal year 1960, authorized in the Senate bill.

The committee believes that the figures included in this section of the bill are large enough to meet the most immediate and pressing requirements of the less developed countries and also to give assurance to all such nations of the ability and desire of the United States to assist in their development. At the same time the annual

increases in the amounts which will be available to the Fund have been limited so as to permit Congress to observe the effectiveness of the operation of the program and to take action to modify or terminate it should such action appear to be desirable.

During the course of its deliberations the committee considered the possibility of substituting local currency resources received from sales of surplus farm commodities under Public Law 480 for the resources requested under the Fund. In general, the furnishing of farm commodities under favorable terms is of value to our foreign policy and this value was taken into account. With respect to the local currencies generated under Public Law 480, the committee concluded that although relending them is useful and convenient in reducing a government's fiscal problems, it will not help that country to buy abroad the goods it needs to help develop its economy, and thus will not reduce the need for Fund dollar loans.

It is contemplated that the Fund will operate on a revolving basis with the payments of interest and principal on loans being reloaned as they become available. Repayment of loans in foreign currencies will be accepted when necessary to meet the requirements of the program. Such currencies could be reloaned; or might be sold for dollars to United States Government agencies needing such currencies, thus providing dollars for use by the Fund.

The committee also considered the question whether making loans which are repayable in local currencies might interfere with the other so-called hard loan programs. It found that local currency repayable loans have been made for several years without any evidence of such interference.

Administration

Responsibility for the administration of the Fund is lodged in the President, but the bill provides that a manager of the Fund shall be appointed in the International Cooperation Administration by and with the advice and consent of the Senate. It is anticipated that the International Cooperation Administration will have direct responsibility for the operation of the Fund subject to the control of the President, the manager being a deputy of the Director of the International Cooperation Administration. He will be guided by a loan committee, consisting of the Deputy Under Secretary of State for Economic Affairs who shall be chairman, the Director of the International Cooperation Administration, and the President and Chairman of the Board of Directors of the Export-Import Bank, in establishing basic financial terms and conditions for the operations and transactions of the Fund.

The loan committee is intended to act in the capacity of managers of the Fund. It would have authority to consider any or all loan applications, approve or deny them, and establish the essential conditions and terms of each approved loan. In carrying out its functions, the loan committee would operate under foreign policy guidance laid down by the Secretary of State, and it would have the manager of the Fund as its chief executive officer.

In deciding whether a proposed loan meets the standards laid down by the act, the loan committee will determine whether either private capital, the Export-Import Bank, the International Bank for Reconstruction and Development, or any other free world source is available and whether the proposed loan will have adverse effect on existing

outstanding loans and future operations of such other sources in addition to passing on the requirements for the specific project or activity.

The operations of the Fund will be subject to the coordination of the National Advisory Council on International Monetary and Financial Problems which consists of the Secretary of the Treasury (Chairman), the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System and the President and Chairman of the Export-Import Bank of Washington.

Limitations

Assistance from the Fund can only be supplied after giving consideration as to (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms; (2) the economic and technical soundness of the activity to be financed; and (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities. Grants or direct purchases of equity securities are specifically prohibited.

Guaranties

The bill provides that the Development Loan Fund may be used to make guaranties. The committee feels that guaranties of the type contemplated may serve in some cases to induce private investment to accomplish objectives which otherwise could only be reached through the actual expenditure of United States Government funds. This authority would serve as a complement to the authority already provided under the investment guaranty provisions of section 413 (b) (4) of the act. It could, for example, be used to issue credit guaranties in connection with loans extended by private lenders. The bill provides, however, that the Fund cannot be used to guarantee equity investments against normal business-type risks, i. e., it cannot be used to protect an investor from loss arising from his own bad judgment or from market risks. The provisions of section 413 (b) (4), relating to the investment guaranty program, will not apply to this authority under the Development Loan Fund.

Congressional supervision

The most difficult problem confronting the committee in connection with the development Fund has been the necessity of retaining assurance of adequate congressional control over the operation of the Fund and at the same time avoiding the uncertainty as to annual appropriations which would prevent the effective accomplishment of the Fund's objectives.

In the opinion of the committee these two important objectives are satisfactorily accomplished in the bill.

In providing authority for the capitalization of the Fund, the committee has taken care that provision is made by the bill for the Appropriations Committees to pass on the Fund both this year and in each future year.

The capital for the first year, fiscal year 1958, is authorized as an appropriation which must be passed on by the Appropriations Committees and the Congress in the usual way. The bill also provides (sec. 203 (a)) that the Congress shall have a second opportunity to

review the borrowing authority and, if it chooses, to disapprove it in the appropriation act dealing with the appropriation for the first year of the Fund. In addition, as specified in section 204 (c), the Fund is required to submit each year to the Congress, in accordance with the provisions of the Government Corporation Control Act, a business-type budget program reflecting the Fund's financial condition and setting forth estimates on its proposed operations for the coming year. This budget program will be reviewed each year by the Appropriations Committees which may then recommend legislation to Congress with respect to that program. It is expressly provided in the Government Corporation Control Act that this legislation may place limitations upon the use of the Fund's resources. Such limitations may, of course, include limitations on the obligations which the Fund may make each year against its borrowing authority.

The committee also made certain that in addition to the control provided for the Appropriations Committees in future years, the authorizing committees retain the power to take corrective action should the Fund not work out as planned. The executive branch will include in its annual presentation on the mutual security program before the authorizing committees a full review of the past and planned operations of the Fund. This will give the committees the necessary information to determine whether it is desirable to recommend in the annual mutual security authorizing legislation changes in the statutory provisions governing the Fund, curtailment of its resources, or, indeed, termination of the Fund itself. Because the capital of the Fund as provided in this bill is made available only in annual segments and obligations can be made against it only on the basis of the capital becoming available in each fiscal year, the Congress will have ample opportunity to take action to cut off the second or third annual segments before obligations are made against them.

The committee further has made sure that the Congress will have continuing information regarding the use of the Fund. Section 534 of the act, as amended by S. 2130, requires semiannual reports to the Congress of the Fund's operations. In the intervals between such reports, details of the operations will be available to the Congress through continuing consultations between the administrators of the Fund and the interested congressional committees. The bill requires (see sec. 202 (b)) that on the request of the chairman of the appropriate committees of Congress, the manager of the Fund shall furnish a report on any financing operation or transaction involving the assets of the Fund.

SECTION 7. TITLE III—TECHNICAL COOPERATION

Subsection 7 (a). Bilateral programs

Subsection 7 (a) authorizes an appropriation of \$151,900,000 for bilateral technical cooperation programs to remain available until expended. The idea of sharing American skills with peoples in the less developed countries has caught the imagination of the American people. These countries are underdeveloped, but more important for United States long-term policy is the fact that they are emerging countries destined to play an increasingly significant role in the decades ahead. Through technical cooperation activities we are inducing changes in basic attitudes toward, and methods of tackling, economic and social problems, and creating within each country the

institutions that will permit a sustained attack on such problems after the termination of our assistance. Major emphasis in the technical cooperation programs continues to be in the fields of agriculture, education, industry, health, and public administration. During the next year the programs will be conducted in more than 50 countries and territories around the world, including several newly independent nations.

The executive branch requested a continuing authorization for this program. The committee does not accept this proposal but recommends in its place the authorization of appropriations for technical cooperation that will remain available until expended. Thus the fiscal year limitation has been removed. At such time as additional funds for this program are needed, the executive will have to justify its request.

Technical cooperation programs require considerable preliminary studies, surveys, and recruitment of personnel. The recipient governments, for their part, have to make fiscal and administrative arrangements that tax their limited personnel and resources. The fiscal year requirement has often resulted in improvisation of programs and haste in obligations in order that additional funds would be made available. Such actions make no constructive contribution to the program objectives. The committee and the Congress have examined technical cooperation annually since its inception in 1950. Their constant scrutiny has done much to keep it in proper perspective. During the last year various groups in Congress, in the executive branch and among the public have studied technical cooperation operations. Their findings have endorsed the program.

The key element in technical cooperation is qualified personnel. Their availability should govern the continuation of these programs. An overextension of commitments to supply the services of individuals having the requisite technical and personal qualifications can only result in frustration, disappointment, and even failure. By removing the fiscal year limitation the committee believes that it will be possible to work out projects in a more orderly fashion, taking into account availability of technical personnel.

The removal of the fiscal year limitation should make possible a better coordination with the use of funds under the Development Loan Fund. Technical cooperation programs, at best, can only be a small catalyst in a country's development. As technical cooperation projects demonstrate their usefulness, the continuation and extension of such projects beyond the demonstration and training stage may be financed by loans.

Subsection 7 (b). Multilateral programs

Paragraph 7 (b) (1) authorizes an appropriation of \$15.5 million for United States contributions for calendar year 1958 to the United Nations expanded program of technical assistance. This is the same amount appropriated for fiscal year 1957. When the program was started in 1950, our share was 60 percent. In the interval it has been reduced until this year it was less than 50 percent. The Mutual Security Appropriation Act, 1957, limited our contribution to 33.33 percent. The executive branch has expressed its intent to limit United States contribution in 1958 to 45 percent and in successive years to effect further reductions. The committee supports this view. To that end it recommends language that will require reductions in

each of the next 3 years so that by 1960 the United States share will be no more than one-third.

Paragraph 7 (b) (2) authorizes an appropriation of \$1.5 million as our contribution to the technical cooperation program of the Organization of American States (OAS). This program is limited to the establishment and support of regional training centers and includes programs for trainee fellowships. It has the enthusiastic support and participation of other American States and plays an important, although modest, part in improving economic and social conditions in this hemisphere.

Technical changes

Subsections 7 (a), (b) (1) and (2) strike out prior year authorizations since they are no longer needed.

SECTION 8. TITLE IV—OTHER PROGRAMS

Subsection 8 (a). Special assistance

This subsection adds a new section 400 to the law. Subsection 400 (a) authorizes an appropriation of \$275 million as a special fund for the use of the President in carrying out the general purposes of the Mutual Security Act. This authorization is \$25 million less than the Executive request but is \$25 million higher than the amount in the Senate bill. The committee believes that the existing world situation requires that the President have adequate funds available to meet problems which can only be dealt with under the authority of this section.

This authorization has three principal purposes:

First, it makes available a fund to be used in dealing with contingent requirements which may emerge during the course of the year. These contingent requirements are normally of two kinds: (a) Requirements that are presently potential and which may or may not become firm and (b) entirely new requirements that result from unforeseen developments overseas. It is not possible at this time to determine what such requirements will be, but past experience clearly indicates that fiscal year 1958 will be marked by a number of unforeseen developments which will require quick action by the United States. The President has used similar funds available to him in the past to meet developments of this character, such as the following:

In Guatemala, when the country almost fell to the Communists, the United States was able to inaugurate immediately and on an adequate scale a program of assistance to the new non-Communist government which permitted it to consolidate its position and contributed to a great extent to that government's ability to continue in power.

When the Hungarian revolt occurred last October, similar authority was used to pay a large portion of the cost to the United States of dealing with the refugee problem.

During the last year Morocco attained its independence and it was believed necessary that the United States immediately institute a substantial assistance program to that country because of the generally disturbed political situation in North Africa and the importance of showing our good will and desire to cooperate with the new government.

A second major purpose of this authorization is to provide assistance which cannot be provided, under the new definitions and criteria, as defense support or under the new Development Loan Fund. The definition of defense support this year has been narrowed somewhat so that assistance beyond that necessary to permit a country to make an agreed upon defense contribution cannot be given under that authority. Under the development loan fund grants cannot be provided. It is recognized that there are a number of situations where grant assistance in the form of economic aid is essential under present conditions. Illustrative programs for the use of about \$100 million of the total authorization in this section in this way have already been developed by the International Cooperation Administration and have been examined by the committee. A public report of these programs is not given because of the desire to avoid, until these programs have become firm, the appearance of making commitments to, or the creation of expectations on the part of, the countries which may benefit from this form of aid.

A third purpose of this authorization is to provide the President with funds which he may use without regard to the restrictions imposed by certain provisions of existing law. One hundred million dollars of the total appropriated under this section may be used in this way.

The committee adopted a clarifying amendment changing the purpose of this section from promoting "political or economic" stability to promoting "freedom and" stability because it believed that the new language more accurately reflects United States objectives.

In using these funds it is anticipated that consideration will be given to the fact that our aid program to Israel has helped that country to expand its industrial and agricultural output, and to meet the cost of resettling refugees who found a haven there. In the last few years, allocations were cut from a high of \$73 million in 1952 to \$25 million in 1956—as immigration tapered off and as the country strengthened its economy. It may be advisable to increase assistance because of the sudden upsurge of immigration in the last few months, totaling approximately 100,000.

The new subsection 400 (b) authorizes an appropriation of not to exceed \$25 million for assistance to promote economic development in Latin America, to remain available until expended, with preference for health, education, sanitation, and land resettlement programs in the area as a whole or among a group or groups of countries of the area. Of the total amount, 90 percent may be used in the form of loans and only 10 percent for grant assistance. The \$25 million provided in this amendment is not the total aid authorized for Latin America but is in addition to the sums programed for military assistance, technical cooperation, and other programs. Furthermore, the countries of Latin America will have equal access with the other nations of the world to the Development Loan Fund in accordance with criteria established for the Fund. Loans authorized in section 400 are not to be charged to the Fund but are to be in addition to loans made from that source.

The committee is cognizant that virtually all of the money used for these projects in the past has proved to be worthwhile; therefore, it is considered to be expedient to renew and expand the authority, while increasing the percentage of the loan requirement.

Subsection 400 (c) authorizes the President to furnish financial assistance to American universities and libraries abroad in a sum not to exceed \$10 million of funds appropriated pursuant to subsection (a) of this section. The new subsection (c) does not increase the amount of the funds authorized by the bill, but merely gives authority to the President to use them for this particular purpose. There is authority in Public Law 480, in the Smith-Mundt Act, and in the Mutual Security Act to assist these institutions through contracts for training and through loans and grants.

There are several privately operated, American-sponsored universities and libraries abroad in such countries as Lebanon, Turkey, Greece, etc., which provide training comparable to the educational standards in our own country. It is well known that these institutions play an important part in assisting in the training of teachers, technicians, and others who are so desperately needed in underdeveloped countries. Also, these institutions abroad play an important role in disseminating American ideas and culture in their respective areas.

The committee recognizes the need for American-sponsored institutions abroad and realizes the financial difficulties involved in their operations. It is evidence that the activities of these institutions are beneficial to the interests of the United States and the free world.

Subsection 8 (b). President's special authority

This subsection amends section 401 of the Mutual Security Act. It changes the title from "Special Fund" to "President's Special Authority," since the section as amended does not authorize an appropriation. The existing authority of the President to make expenditures within the limits of this section "without regard to the requirements of this Act or any other Act for which funds are authorized by this Act" is extended to include exemption from the requirements of "any Act appropriating funds pursuant to authorizations contained in this Act." This extension is intended to grant the President exemption from limitations contained in acts appropriating mutual security funds to meet emergencies when such limitations relate to regular program operations. Any limitation in future appropriation acts can be made applicable to this section by specific language so stating.

Paragraph 8 (b) (3) repeals subsection 401 (b) containing obsolete authorizations.

Subsection 8 (c). Earmarking of funds

This subsection establishes a requirement that not less than \$150 million of the mutual security funds appropriated for fiscal year 1958 (other than those available pursuant to title II) shall be used to finance the sale of surplus agricultural commodities. The foreign currency proceeds of such sales will be spent to carry out the various purposes of the Mutual Security Act.

Since April 1948, when the Marshall plan began, agricultural exports of a total value of \$7.4 billion have been made under programs administered by the International Cooperation Administration and its predecessor agencies. Of this amount \$6.6 billion were financed from foreign aid appropriations. These exports are in addition to and entirely apart from sales for foreign currencies made under title I of

the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480).

From the beginning of the foreign assistance program it has been recognized that United States surplus farm products could be used to accomplish important United States objectives. Since 1953, in order to assure that United States surplus agricultural commodities be used whenever possible to provide assistance, the Congress has required that a specified amount of the assistance funds authorized could be spent only to buy such surplus products. For fiscal 1957 the amount earmarked for this purpose was \$250 million.

The sum earmarked this year has been reduced to \$150 million for 2 reasons. First, a larger percentage of aid than in previous years is going to the nonindustrial nations of the world. These nations are not large importers of agricultural products. Their great need is for industrial equipment essential for their economic development. As a consequence it is not possible to attain the objectives which United States aid is supposed to accomplish in many countries by supplying such surpluses.

A second reason is that funds to purchase almost all surplus commodities will have to come from defense support funds since the other programs authorized, such as for supplying United States technicians or military equipment, cannot be met through supplying agricultural commodities. The amount authorized in this bill for defense support has been reduced \$461,700,000 below the fiscal 1957 appropriation. Although it is anticipated that surplus agricultural commodities will be financed to some extent from the Development Loan Fund, the legislation provides that funds available under title II of this Act cannot be used to finance the requirements of section 402.

Subsection 8 (d). Joint control areas

This provision amends section 403 of the Mutual Security Act to authorize \$11,500,000 to provide assistance for West Berlin and for Austria during fiscal year 1958. This is a reduction of \$700,000 below the \$12,200,000 appropriated for fiscal year 1957.

Most of this money will be used to provide economic assistance to West Berlin. The United States, together with the United Kingdom and France, retain sovereignty over the non-Soviet sectors of Berlin. The United States has, therefore, an obligation to continue its support to Berlin, and the people of West Berlin count on United States aid.

West Berlin, because it is surrounded by the Soviet Zone of Germany and because of the necessity for dealing with a continuing flow of refugees from East Germany, has no immediate prospect of becoming economically self-sufficient. Most of the outside financial support for West Berlin comes from the German Federal Republic which is contributing at the rate of approximately \$300 million a year for this purpose. The economic situation in West Berlin shows continuous improvement. Unemployment, which amounted to 30 percent of the working force in 1950, has been reduced to 10 percent in 1957. It is expected that the largest single use of United States support in fiscal year 1958 will be for the construction of low-cost housing.

It is contemplated that under this authorization limited assistance will be given to Austria. Austria is confronted with a difficult problem in maintaining its neutrality under the conditions imposed by

the treaty establishing its independence and by its close proximity to the Iron Curtain. It is expected that the small amount of United States economic aid to be provided will be used to increase the productivity of the former Soviet Zone of Austria which was left in a state of relative disrepair when the Soviet occupation ended.

This subsection also repeals obsolete language relating to prior years' authorizations.

Subsection 8 (e). Migrants, refugees, and escapees

Subsection 8 (e) authorizes an appropriation for fiscal year 1958 of \$2,233,000 for the United States contribution to the United Nations Refugee Fund (UNREF) and \$5,500,000 for the United States escapee program. It also amends subsection 405 (a) of the Mutual Security Act of 1954, as amended, by repealing obsolete language. The proposed amendments do not affect the continuing authorization contained in that subsection for United States contributions to the Intergovernmental Committee for European Migration (ICEM).

The United Nations refugee program operates on a calendar year budget. The \$1,900,000 appropriated last year by Congress covered the calendar year 1956 and the first 6 months of calendar year 1957. The \$2,233,000 authorized in this bill will enable the United States to make a contribution of \$900,000 for the last half of calendar year 1957 and \$1,333,000 for calendar year 1958.

The United Nations Refugee Fund, a voluntary United Nations program, is undertaking a program of handling World War II and certain other refugees residing in Europe, the Near East, and the Far East. Many of them are so-called difficult cases—aged, blind, tubercular, or otherwise disabled refugees who require special or institutional lifetime care and maintenance. UNREF has placed its greatest emphasis upon local integration, including placement in institutions and job placement. The United States regular annual contribution has been limited to 33½ percent of the total contributions, and the executive branch plans to continue this limitation.

The escapee program is a United States program. It provides supplementary assistance to that furnished by the country of asylum and by voluntary relief agencies for escapees from Communist countries. In addition to providing interim care, it assists in the resettlement of escapees. About 40,000 have been resettled outside of Europe; 8,800 have been integrated in Europe, and 22,400 are still given assistance. The authorization in this bill is \$500,000 less than last year's appropriation for this program.

Assistance to Hungarian refugees will be given by the above-mentioned programs as well as that of the Intergovernmental Committee for European Migration. During the current fiscal year, special assistance amounting to about \$40 million was financed under section 401. No specific authorization is contained in this bill for the Hungarian refugee program for fiscal year 1958, but among the planned uses of the money authorized for special assistance (subsec. 8 (a) of this bill) is \$10 million for that purpose. This sum will be administered through established refugee organizations as well as a small training program in Austria for Hungarian youths.

Paragraphs 8 (e) (1), (2), and (3) repeal obsolete authorizations in section 405.

Subsection 8 (f). United Nations Children's Fund (UNICEF)

Subsection 8 (f) authorizes an appropriation of \$11 million for contributions to the United Nations Children's Fund, which is an increase of \$1 million more than last year's authorization. This section also repeals obsolete language in section 406 of the Mutual Security Act of 1954, as amended, containing prior year authorizations.

For 6 successive years the United States has reduced the percentage of its contributions to the central account. It is planned that the percentage of the United States contribution be decreased to 52.5 percent of total contributions by governments to the central account of UNICEF, as compared to 55 percent for 1957. As a result of proportionately larger contributions from other governments, the program can expand even with the reduced percentage of United States contributions.

Current UNICEF activities concentrate on permanently improving rather than temporarily relieving adverse child-health conditions. They are designed to provide an initial impetus to programs which assisted countries will eventually carry on by themselves.

The United States played a leading role in the establishment of UNICEF, and the committee is favorably impressed by the results accomplished.

Subsection 8 (g). Palestine refugees

Subsection 8 (g) repeals obsolete language in section 407, relating to Palestine refugees, and continues the availability of money already authorized and appropriated for this program in previous years but not yet spent. The program is administered by the United Nations Relief and Works Agency for Palestine Relief in the Near East (UNRWA) to which the United States contributes not more than 70 percent.

Almost \$24 million is available from prior appropriations, a sum estimated to be sufficient to carry on the program for the next year. Slightly less than \$18 million will be used for relief purposes, principally for the purchase of flour from the United States. About \$4 million will be spent to assist in the rehabilitation program designed to make the refugees self-sustaining. This sum will permit UNRWA's education program to continue and will provide financing for a limited amount of additional planning and engineering. The balance of about \$2 million will be available either for relief or rehabilitation as the situation may require. The executive branch should also explore the possibility of using the authority of Public Law 480 for these refugees.

Upon its return from a trip to this area in 1955 a special study mission of the committee made this comment on the refugee problem which it had studied in some detail:

* * * the study mission is of the opinion that serious consideration should be given by the United States to the termination of all assistance to the refugees within a period of perhaps 2 years.

It further noted that

* * * the refugee problem, which hitherto has been of more concern to governments outside the area, principally the United States, than those inside the area, should be financed increasingly by the local governments themselves.

The language in the bill conveys the attitude expressed by the study mission that United States' contributions to this program will not be made indefinitely. In the absence of any tangible evidence that the interested countries are taking positive measures to resolve this difficult problem, the United States is not under an obligation to continue its support of the program. This expression of congressional interest in a definitive settlement of the refugee problem as evidenced by the new language of this subsection should put all countries concerned on notice that a termination of our assistance may be expected.

Subsection 8 (h). NATO

This subsection repeals an obsolete authorization.

Subsection 8 (i). Ocean freight

Section 409 authorizes the payment of ocean freight charges on relief shipments by the Red Cross and by voluntary nonprofit relief agencies registered with and approved by an Advisory Committee on Foreign Aid. Under this provision, supplies valued at \$32,875,000 have been shipped abroad during the past year by various religious and philanthropic organizations. The cost to the Government of ocean freight payments was only \$2.5 million.

For the coming year, the executive branch requested and the committee recommends an authorization of \$2.2 million. This request is contained in paragraph 8 (i) (1). The committee is of the opinion that this program is a valuable adjunct to the other portions of the mutual security program, particularly since it produces supplies in vital areas in amounts some 13 times the value of the Government's cash outlay. The countries to which shipments were made under this program last year were Austria, France (including Algeria), Greece, Italy, Yugoslavia, Iran, Egypt, India, Pakistan, Hong Kong, the Philippines, Taiwan, Vietnam, Bolivia, Chile, Ecuador, and Honduras. The area distribution of estimated expenditures for fiscal year 1957 was as follows:

Europe.....	\$1, 100, 000
Near East.....	200, 000
Africa.....	150, 000
South Asia.....	300, 000
Far East.....	650, 000
Latin America.....	100, 000

Before expending funds for the payment of ocean freight on shipments by voluntary agencies, the United States enters into a formal agreement with the receiving government by which the latter guarantees duty-free entry and payment of inland transportation. The American relief agencies bear the costs of processing for shipment, warehousing, packaging, and transportation to the port of embarkation. Furthermore, those agencies are responsible for the supervision of distribution to insure that the commodities and packages reach their proper destinations.

The old subsection 409 (c) is repealed, since it contains authorizations for prior years and is replaced by the new authorization for \$2.2 million. In like manner, the first sentence of subsection 409 (d) is repealed, since it contains a prior year's authorization. Existing authority for the President to utilize mutual security funds to pay for ocean freight on surplus agricultural commodities is continued.

Subsection 8 (j). Control Act expenses

This subsection authorizes an appropriation of \$1 million to meet the administrative expenses of the Mutual Defense Assistance Control Act of 1951 (Battle Act) for fiscal year 1958. The appropriation for this purpose for fiscal year 1957 was \$1,175,000. The Mutual Defense Assistance Control Act provides the basic authority under which the United States endeavors to secure the cooperation of other nations in controlling the export of strategic items to countries under Soviet domination. The administration of this act is directed by a deputy director of the International Cooperation Administration, who maintains a small staff for this purpose. More than half of the funds authorized by this section would be used to reimburse the Departments of State and Commerce for services performed by them in connection with the administration of the Mutual Defense Assistance Control Act.

The executive requested an authorization of \$1,300,000 for fiscal year 1958 to finance a slightly smaller number of people performing about the same functions as in previous years. The increase was requested primarily because of a new requirement to contribute from this appropriation the Government's share of the civil-service retirement fund.

The committee believes that the reduced authorization will be adequate in view of the fact that the number of commodities subject to control has tended to diminish during recent years.

This subsection also strikes out obsolete language authorizing appropriations for previous fiscal years.

Subsection 8 (k). Administrative expenses

Subsection 8 (k) authorizes an appropriation of \$33 million for nonmilitary administrative expenses. Military administrative expenses are included in the total authorized for military assistance.

For the current fiscal year \$33,595,000 was appropriated for this purpose including administrative expenses incurred by the Department of State for activities performed in carrying out the mutual security program. An additional \$1,150,000 was transferred to administrative expenses from development assistance funds, pursuant to authority in subsection 411 (c), to cover the cost of administering expenses under Public Law 480. Thus, total nonmilitary expenses for fiscal year 1957 were \$34,745,000.

For fiscal year 1958 Department of State administrative expenses are carried as a separate appropriation item, for which \$4,577,000 is requested. Added to the \$33 million authorized in this section, the total available for administrative expenses will be \$37,577,000, an increase of about \$2.8 million over last year. Part of the increase is made necessary by contributions to the retirement fund and by the establishment of several new country missions.

In the interests of economy and more efficient administration the committee did not approve the executive request for \$35 million. ICA should explore the possibility of having certain functions, which it now performs in the transportation field, performed by other Government agencies to determine whether these functions can be performed by other agencies more efficiently and economically.

In addition to repealing obsolete language the section also amends existing law by repealing subsection 411 (c) of the Mutual Security

Act. That section provided that development assistance funds, not exceeding \$1.5 million, could be used for administrative expenses of Public Law 480. New language included in subsection 8 (k) of this bill will require that such payments be made from ICA administrative expenses.

Subsection 8 (l). Repeal of obsolete language

Subsection 8 (l) repeals section 412 which authorized assistance to selected Chinese and Korean students. The funds for section 412 were originally authorized in the China Area Aid Act of 1950 (22 U. S. C. 1547) and have all been expended. This section therefore is obsolete.

Subsection 8 (m). Facilities and encouragement of travel

This subsection adds a new sentence to section 416 of the Mutual Security Act of 1954, as amended, proposing that a study of barriers to international travel be made by the Department of Commerce and other agencies, in cooperation with private enterprise concerned with international travel, to be financed from the regular appropriations available to these respective agencies.

Expenditures by Americans for foreign travel amounted to \$1.8 billion in 1956, an increase of 12½ percent over the preceding year. The relative increase was somewhat less than in 1955, but in dollar terms the rise in the 2 years was about the same. Last year's percentage advance in foreign-travel expenditures by Americans was about twice that in their disposable personal income. Foreign travel is among those consumer expenditures which have shown an exceptionally large expansion in the postwar period.

Dollar income of foreign countries from United States travelers of \$1.5 billion—the fares collected by their ship and plane operators and goods and services purchased abroad—represents a larger sum than the amounts spent abroad for coffee or petroleum, our two largest import items. Travel accounted for 7½ percent of our total outlays for imports of goods and services. In the case of Western Europe and nearby Canada and Mexico, this percentage was higher.

Travel is not only a large item of United States foreign expenditures but also figures prominently in our receipts from abroad. Purchases by foreign visitors in the United States, including fares paid by them to United States carriers, were about \$770 million in 1956. For comparison this was a larger amount than we received in that year from such major exports as cotton or electrical machinery and apparatus and about as high as exports of passenger cars and trucks.

The committee recognizes the value of international travel in the development of the economies of foreign countries which, in turn, is reflected in the growth of our domestic travel industry.

Subsection 8 (n). Repeal of sections 419 and 421 (WHO and FAO)

Subsection 8 (n) repeals sections 419 and 421 which relate to the World Health Organization and to the Food and Agriculture Organization, respectively. Despite the repeal of 419 and 421, subsection 8 (n) makes it explicit that the authority contained in those sections shall not be affected. Inasmuch as these sections have served their purpose of amending Public Law 643, 80th Congress, and Public Law

174 (79th Cong.) as amended, there is no longer any necessity to keep this particular language in the Mutual Security Act.

Section 8 (n) also adds two additional sections with respect to Atoms for Peace and malaria eradication.

Atoms for Peace

The Atoms For Peace program is a continuation of one started 2 years ago. Initially the program was financed from the President's special fund. Subsection 12 (a) of the Mutual Security Act of 1956 authorized \$5,950,000 against which \$5,500,000 was appropriated for a continuation of the program in the current fiscal year.

The language in subsection 8 (n) of this bill as amended by the committee is the successor to section 12 in last year's law. The most significant substantive change is a broadening of the purposes of the program. Last year the single objective was to provide funds for research reactor projects in countries that have signed agreements with the United States for peaceful uses of atomic energy. The bill reported by the committee refers to assistance "designed to promote the peaceful uses of atomic energy abroad." Under this broader language the executive branch has programs that include not only research reactor projects but also programs for the evaluation of nuclear power potential, research and training equipment, support for nuclear training, and an inventory of foreign programs and needs.

In addition to the projects that will be financed from funds made available under this section, technical training will be financed from title III money (technical cooperation). The Asian nuclear center will be financed from the unused portion of the Asian development fund which continues available in 1958.

Section 12 of the Mutual Security Act of 1956 was a separate section of that law rather than an amendment to the Mutual Security Act of 1954, as amended. Thus, for example, section 402 (earmarking of funds), section 501 (transferability of funds), and section 533 (waiver of certain Federal laws) were not applicable to section 12. Since the new language is an amendment to the Mutual Security Act of 1954, as amended, the provisions of these sections will be applicable.

Under existing law the United States share of the cost of any research reactor made available to another government or to other governments is limited to \$350,000. This provision is continued in the new language except that the limitation does not apply in the case of a research reactor made available "to other governments," since in the case of such a regional project the limitation of \$350,000 (computed as half the cost of a reactor) would not be feasible. The new language retains the provision of law that requires full publicity about the contribution of the United States to the program.

The committee amended the Senate bill to include language that would give additional assurances that there would be no diversion of atomic material from the peaceful uses for which it is intended. Agreements with countries that participate in this cooperative endeavor must include a provision that will permit United States inspection of facilities that are financed by this program. To preclude a single inspection as meeting the requirements of the law, the committee included language that such inspections shall be made "from time to time."

The Atoms for Peace program has met an enthusiastic response in the international community. The United States has signed agreements with 34 nations looking toward cooperation in this field. Four research reactor projects have already been undertaken and seven additional ones are under consideration. As the committee noted last year, the stimulation provided by this program will accelerate research and expand the boundaries of knowledge to the benefit of all peoples. It is a constructive program in the advancement of human knowledge and with unlimited opportunities to benefit mankind.

Malaria eradication

Section 420 is added to the Mutual Security Act of 1954, as amended, to authorize the President to furnish financial and other assistance in collaboration with nations of the free world and with the World Health Organization, the Pan American Sanitary Bureau, and the United Nations Children's Fund for a worldwide program of malaria eradication.

Malaria is the world's greatest health problem for the following reasons:

(a) It attacks large numbers of persons. In 1955, 200 million persons in some 135 countries and territories were affected and some 2 million people were killed by this disease.

(b) It is highly infectious, easily spread from infected persons to large numbers by the bite of particular types of mosquitoes.

(c) Untreated, the initial attack, if not fatal, may leave a nest of parasites in the body, giving rise to recurrent acute attacks over a period of years.

(d) No immunity to the disease is developed except among peoples subjected to repeated attacks since birth.

In 1955 the governments of 58 countries appropriated funds for malaria control activity totaling \$41 million. Plans called for increases in appropriations to \$44 million in 1956, attesting to the concern with which these countries, for the most part the underdeveloped countries least able to afford such an economic drain, view this problem. The United States and several international organizations have been conducting programs aimed at the control of malaria for a number of years. In the case of some Latin American countries, the United States has been active in malaria control operations and training for as long as 14 years.

The new program is not primarily a continuation of existing efforts in this field but rather a coordinated effort to eradicate malaria completely in most areas of the world. It is believed to be possible to eradicate the disease entirely through the use of new insecticides by spraying once or twice a year for 4 consecutive years. Achievement of eradication within the time limit will require maximum support from national and from international sources. Only through the implementation of a carefully programed and coordinated single plan for each country, involving maximum contributions from bilateral and multilateral sources, will eradication be achieved. Funds expended for the malaria eradication program through multilateral channels would represent more a payment for a service than a contribution.

The executive branch requested authority to finance the program for each of the next 5 years at approximately \$23.3 million as specified

in the Senate bill. This is not an additional appropriation and would have to be taken out of appropriations pursuant to authorizations contained in this act, other than title I, chapter 1 (military assistance) and title II (Development Loan Fund), to carry out the purpose of this section.

The committee amended the Senate bill by removing the ceiling on the funds that could be spent for this purpose for fiscal year 1958.

About 60 participating countries anticipate an expenditure of \$512.2 million for the 5-year period, of which \$364.8 million will be supplied by beneficiary countries, supplemented by local currency from Public Law 480 transactions and \$42 million from international organizations.

The committee approves this program since it recognizes malaria as one of the greatest deterrents to economic progress, being responsible for low labor efficiency, high absentee rates, low rate of capital investment, low earning capability and neglect of natural resources.

SECTION 9. MISCELLANEOUS PROVISIONS

Subsections 9 (a) and (b). Technical change and repeal of obsolete language

Paragraph 9 (a) (1) amends subsection 503 (a) by changing the word "subsection" to "section" and by deleting the designation "(a)". This is a technical amendment to conform to the repeal of subsection 503 (b) by paragraph 9 (a) (2). Subsection 503 (b) which called for the termination of the Foreign Operations Administration is now obsolete in that the Foreign Operations Administration has in effect been terminated and has been replaced by the International Cooperation Administration.

Subsection 9 (b) deletes a reference to chapter 2 in order to conform with the repeal of chapter 2 by section 3.

Subsection 9 (c). Loan assistance

Paragraph 9 (c) (1) amends the first sentence of subsection 505 (a) relating to loan assistance in order to make it clear that section 505 does not override existing explicit provisions in the act, or new provisions, such as those relating to the Development Loan Fund. Subsection 505 (a) presently authorizes sales of commodities and services for local currency. Such local currency may be reused for the same purposes as those for which the original appropriation was made. Subsection 505 (a) is further amended to make it clear that the section is applicable to sales of military hardware, in addition to commodities or services.

Paragraph 9 (c) (2) revises subsection 505 (b) in two ways; (1) by repealing the first sentence which has been accomplished and is therefore obsolete, and (2) by changing the mandatory requirement that credits under loan assistance be administered through the Export-Import Bank to a permissive authority. This is intended to facilitate the handling of sales of military hardware on a credit basis. It does not effect any change in the present procedure of administering credits under loan assistance through the Export-Import Bank.

Subsection 9 (d). 50-50 shipping

Subsection 9 (d) repeals the first sentence of section 509 relating to shipping on United States vessels. The repealed language has been

supplanted by the more stringent provisions of Public Law 664, 83d Congress (46 U. S. C. 1241 (b)); consequently, the first sentence is obsolete.

The remaining language in section 509 continues to exempt from the requirements of Public Law 664 shipments of materials procured with local currency funds arising from this act or Public Law 480 (not with dollars) and moved between two foreign countries, rather than between the United States and a foreign country.

Subsection 9 (e). Retention and return of military equipment

Section 511 requires that any eligible nation, prior to receiving military assistance, enter into an agreement with the United States providing for the return or disposition of equipment no longer needed by that country and for the return of scrap. Reimbursable military assistance under section 106 of the act is presently specifically excluded. Subsection 9 (e) amends subsection 511 (c) by making it explicit that this requirement applies only to grant military assistance and that it does not apply to repayable transactions involving military equipment, whether under the authority of section 103 or 106 or 505 of the act.

Subsection 9 (f). Notice to legislative committees

Section 513 of the Mutual Security Act requires that designated congressional committees be notified whenever assistance is furnished substantially different from that presented in support of the requested authorization. Subsection 9 (f) broadens this requirement to include notice to the designated committees whenever administrative actions will result in programs substantially different from the presentation to the Appropriations Committees.

SECTION 10. ADMINISTRATIVE PROVISIONS

Subsections 10 (a) through (d). Administration

Subsections 10 (a), (b), (e), and (d) have been included in this bill to make certain that the foreign policy objectives of the mutual security program will not be dissipated among numerous Government departments and agencies, each with a vested interest in perpetuating and enlarging a particular segment. Inherent in a program that is global in extent and diversified in character is the danger that it will be administratively fragmented and poorly coordinated. The language in these four subsections is designed to place responsibility for overall guidance, coordination, and administration squarely upon the Secretary of State under the direction of the President. The first sentence of section 525 provides the basis for the present assignment of certain functions, including the coordination of reports to Congress under the mutual security program and the annual presentation of the program to Congress. The repeal of this sentence does not eliminate the functions performed thereunder.

Subsection 10 (e). Personnel provisions

Subsection 10 (e) deals with personnel from other Government agencies who are employed by the International Cooperation Administration (ICA). Under the present provisions of paragraphs 527 (e) (1) and (e) (2) of the Mutual Security Act all persons appointed or assigned

from other Government agencies to overseas positions under ICA, with or without the consent of the original agencies, are automatically entitled to rights of reinstatement in their original agencies upon conclusion of their employment under the act.

ICA depends upon the availability of technically qualified personnel from other Government agencies for filling its many technical positions overseas. Many of those who are willing to serve overseas are individuals with long service in a particular Government department. Without some protection of a statutory reemployment right they would not consent to fill overseas posts. On the other hand, any long absence from their regular position in the United States creates management problems for the Government departments.

The Senate bill included language that would preserve the present reemployment rights for the first 2 years of an employee's appointment under the mutual security program. It would permit the President to modify or make exceptions to the application of those rights for the period following the first 2 years of an employee's appointment with ICA.

The committee accepted the general philosophy of the Senate bill but extended the period during which reemployment rights are protected to 2½ years. Normal processing operations involved in a transfer, a period of indoctrination, travel time, and accumulated leave would cut down the total time that an individual is available in the field. The addition of 6 months is designed to assure ICA that individuals on loan from other Government agencies will have a full 2-year tour of duty at the place of overseas assignment and also permit a more orderly replacement policy when the tour of duty has ended.

The effect of the changes made by this section should assure a continued availability of qualified personnel from other Government agencies for ICA overseas activities without the necessity of adding permanent positions. At the same time, it will relieve other Government departments of serious personnel problems arising from too prolonged absence of an employee from his parent agency.

Subsection 10 (f). Reports

Section 534 of the act presently requires that the President transmit to the Congress reports covering each 6 months' operation of the mutual security program and that these reports shall include detailed information on operations under the small business and guaranty programs and on the President's Fund for Asian Development. The committee is of the opinion that a specific provision should be made for detailed reports to be made on the operations of the Development Loan Fund, the President's Special Assistance Fund under section 400, and on the encouragement of travel called for by section 416. Accordingly, subsection 10 (f) adds those sections, namely, sections 202, 400, and 416, to the list of sections in section 534 as to which detailed information is required in the semiannual reports.

Subsection 10 (g). Cooperation with nations and international organizations

This subsection amends subsection 535 (b) of the Mutual Security Act, which authorizes reimbursable nonmilitary assistance to nations and international organizations, by requiring that determination be made that such assistance be "consistent with and" in furtherance of

the purposes and within the limitations of this act and by making any "free" nation eligible for assistance under this subsection. It also authorizes sale of equipment or services to nations or organizations not controlled by international communism which do not qualify for assistance under other categories of aid.

Subsection 10 (h). Provisions on uses of funds

Paragraph (1) amends section 537 by deletion of a reference to section 124 in order to conform with the repeal of section 124 by section 3.

Paragraph (2) continues the authority contained in paragraph (1) of subsection 537 (a) of the Mutual Security Act to pay rents in the District of Columbia for the fiscal year 1958. This authorization is made on a year-to-year basis because it is contemplated that space will be provided for the International Cooperation Administration in the new State Department building as soon as it is ready after which rental payments will no longer be necessary.

Paragraph (3) is a clarifying amendment to paragraph 537 (a) (10) defining more precisely the types of expenses now being paid pursuant to that section. The new language does not authorize the payment of any expenses not already provided for. The new and more detailed language closely parallels subsections (h) and (i) of section 2 of Public Law 885 of the 84th Congress, an act to provide certain basic authority for the Department of State. These more detailed provisions of law applying to the Department of State, which were enacted at the last session of Congress, make it desirable that similar provisions be applied to the mutual security operation in place of the general language heretofore in effect.

Paragraph (4) amends paragraph 537 (a) (17), which provides authority for the payment of travel expenses and storage costs, by broadening the authority for payment of storage costs in two respects. First, it authorizes payment for expenses of storage (including related transportation) of the furniture and household and personal effects of an employee when the employee is temporarily absent from his post under orders. Second, it authorizes payment of storage and related transportation expenses of such furniture and effects, including automobiles, when such costs are incurred in connection with authorized travel through no fault of the employee, such as costs resulting from delays in shipment caused by dock strikes or from temporary conditions of disorder at the overseas destination.

The need for this additional authority was demonstrated during the recent interruption of shipping through the Suez Canal. Storage charges were incurred at various points because carriers would not accept cargo. The employees were in no way at fault and it is unfair to penalize them under such circumstances.

Paragraph (5) amends subsection 537 (c) to authorize the expenditure of an additional \$6 million to provide living quarters, office space and supporting facilities in Korea for the use of mutual security personnel. The additional \$6 million is to be used to provide housing and supporting facilities for the personnel of the United States Military Assistance Advisory Group in Korea and their dependents. The basic objective is to make it possible for dependents to be brought to Korea so that a longer tour of duty can be prescribed, thus reducing the heavy turnover cost and obtaining more effective utilization of personnel.

This paragraph does not authorize the appropriation of funds but permits the use for such purposes of funds available for assistance to Korea.

Paragraph (6) adds a new subsection to section 537 of the Mutual Security Act, authorizing the use of funds available under the act to provide training in the United States for mutual security employees who have served overseas prior to their being sent abroad again.

This authority is necessary in order that technical personnel, such as public health specialists, engineers, and agricultural experts, may replenish their skills in the United States after extended service in isolated areas overseas. Since there are very few technical jobs available in the International Cooperation Administration headquarters in Washington, it is impossible to have people serve a tour of duty in the United States at regular intervals in the course of rotating their assignments. A skilled technician cannot, however, keep up to date if he spends years in Asia or Africa without contact with or access to current developments at home.

Under this authority such technicians after extended service abroad would be brought back to the United States and placed with organizations or agencies where they could work at their normal occupations, and at the same time receive training in the latest developments in their various fields.

Such persons would retain their connection with the International Cooperation Administration and their employment, seniority, and retirement rights, and be ready for foreign assignment after completion of their training in the United States. In many instances they would be paid where they worked, and the language of this subsection provides that such payment would be in lieu of or in reduction of compensation received from the United States. In other cases, the employee might work at a research or educational institution where he would not receive pay from the institution but would be continued on the International Cooperation Administration payroll.

The Department of Agriculture already has a somewhat similar arrangement, not involving overseas personnel, under the authority of Public Law 918 of the 84th Congress. The new subsection specifies that any of the authorities and provisions of Public Law 918 may be used in carrying out the new subsection, regardless of whether an interchange of personnel is involved or whether the training takes place at an institution specified in Public Law 918. The functions assigned to the Department of Agriculture under Public Law 918, will, where the provisions of that law are utilized under subsection 537 (e), be exercised by the International Cooperation Administration or other agency performing functions under the Mutual Security Act.

It is further specified that training under this subsection will not be considered employment or holding office under title 5, United States Code, section 62, which provides that a Government employee may not, unless specifically authorized by law, occupy more than one office where the compensation attached to either office amounts to \$2,500 a year or more. This exemption is necessary since the Comptroller General has ruled that the prohibition applies when an employee holds two offices to which compensation is attached, even though he does not actually receive compensation from one of the offices.

SECTION 11. TECHNICAL AMENDMENTS AND ADDITIONAL SECTIONS

Subsection 11 (a). Saving provisions

The Mutual Security Act of 1954 is the basic authority for the mutual security program. Each year additional authorizations have been added to the basic legislation and the prior authorizing language has remained on the books, even though it has become obsolete. The result has been that each year the basic act has become more and more voluminous. This year an effort has been made to reduce the physical volume of the act itself and thereby to make it more intelligible. Accordingly, prior years' authorizations have been repealed.

Subsection 11 (a) amends the present section 543, containing saving provisions, by adding a new subsection (d). The first sentence of the new subsection insures that funds previously appropriated pursuant to provisions of the acts which were repealed by the Mutual Security Act of 1956 or which are repealed by the Mutual Security Act of 1957 will remain available for their original purposes in accordance with the provisions of law already applicable to such funds. This language is the same as that which was used last year with respect to funds under provisions of the act which were repealed at that time. Since the present subsection 201 (a) containing the saving language enacted last year is being repealed, it is necessary for the new saving language to cover the repeal effected last year. The final sentence of this subsection specifies that any references in any other statute to provisions of the act which are repealed or renumbered shall be either deleted or revised to refer to the new section number. This sentence is, of course, purely technical in effect.

Under the saving language in this subsection funds appropriated in 1955 for the President's Fund for Asian Economic Development will, as under the present language, remain available for the full 3-year period for which they were originally appropriated despite the repeal last year of section 418. It also makes clear that the repeal of sections of the act under which funds have previously been appropriated (for example, secs. 121, 124 and 201) will not affect the continued availability of unexpended balances of those prior appropriations.

Subsection 11 (b). Amendments to other laws

Paragraph (1) amends section 544 relating to amendments to other laws, by repealing subsections (a), (c), (d), (e), (f), and (g) and by renumbering subsection (b) as subsection (a). All of the repealed subsections had the effect of amending other laws. Since that purpose has been achieved, it is no longer necessary that this particular language be kept in the Mutual Security Act. Paragraph 11 (b) (1) makes it clear that these repeals will not affect the amendments to other laws which the repealed subsections have already accomplished.

Paragraph (2) adds a new subsection (b) to section 544. The new subsection amends a provision inserted in the Mutual Security Act of 1956 with respect to the Food and Agriculture Organization. In that year the ceiling on United States contributions to the FAO was raised from \$2 million to \$3 million in order to meet anticipated increases in assessments and in order to bring about an orderly expansion in the programs of the FAO. At the same time a provision was added limiting the United States contribution to FAO to 31.5 per-

cent. In view of the value of the work performed by FAO, paragraph 11 (b) (2) raises the limitation to 33.33 percent.

Paragraph (2) also amends further subsection 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). This latter section, added by the Mutual Security Act last year, called for special efforts to use sale proceeds of Public Law 480 for international educational exchange activities. The results are far from adequate. Hence the committee recommends this additional language that will confer upon the Secretary of State the authority to set aside proceeds from Public Law 480 sales and loan repayments, not in excess of \$1 million a year in any one country for a period of not more than 5 years in advance as he may determine to be required for international educational activities. It is expected that the authority conferred by this new language will be exercised in a manner consonant with the provisions of the Executive order that provides for the allocation of foreign currencies derived from Public Law 480.

Subsection 11 (c). Technical amendment

Subsection 11 (c) is a technical correction, deleting a reference in section 546 (b) to the Atomic Energy Act of 1946 and substituting the correct reference to the Atomic Energy Act of 1954 which replaced the 1946 act.

Subsection 11 (d). Technical amendment

Subsection 11 (d) repeals the now obsolete section 547 which required certain reductions in authorizations for appropriations for the fiscal year 1955.

Subsection 11 (e). Technical change

Subsection 11 (e) amends section 549 which provides for a 15-month availability for a portion of the funds appropriated for defense support, technical cooperation, and certain other assistance. Since this bill places defense support funds on a no-year basis, the 15 months' availability is no longer necessary for that category of aid and therefore section 549 must be amended.

Subsection 11 (f). Restrictions on assistance

The committee added a requirement that all assistance furnished and all loans made pursuant to the Mutual Security Act shall be subject to the Mutual Defense Assistance Control Act of 1951 (Battle Act). This provision would prevent the President from using the discretionary authority given him under section 401 of the Mutual Security Act to waive the requirements of the Battle Act.

In adding this amendment the committee desired to emphasize its desire that the efforts of the United States to retain control over strategic exports to Soviet-dominated nations should not be relaxed.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

MUTUAL SECURITY ACT OF 1954, AS AMENDED

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1954".

SEC. 2. STATEMENT OF POLICY.—(a) The Congress of the United States recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination, declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

(b) It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,

those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(c) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence.

TITLE I—MUTUAL DEFENSE ASSISTANCE**CHAPTER 1—MILITARY ASSISTANCE**

SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance

to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress, insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—**[(a) (1) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by section 104, not to exceed \$1,270,000,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (including the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.]**

[(2) In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$1,133,000,000, to remain available until expended.]

[(3) In addition, there is hereby authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$2,225,000,000, which shall remain available until expended.]

(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this chapter not to exceed \$1,800,000,000, which shall remain available until

expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this chapter not to exceed \$1,500,000,000, which shall remain available until expended.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter [and of section 124] including expenses incident to United States participation in international security organizations.

(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. *When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: Provided, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.*

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements [already] made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than [\$780,000,000] \$1,000,000,000, less amounts already contributed for such purpose. [There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended.] Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds, other than those referred to in subsection (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation

whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas.

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe.

(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia [], and in carrying out the provisions of section 121 of this Act [], the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation

solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be to the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section [1262 (a), and title 34, United States Code, section 546 (c)] 7307 (a); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of [Revised Statutes 1222 (10 U. S. C. 576)] title 10, United States Code, sections 3544 (b) and 8544 (b), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

[SEC. 108. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1956, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programmed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for

reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

**[CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND
DIRECT FORCES SUPPORT**

[SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this title shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.

[It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

[SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$35,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

[SEC. 123. COMMON USE ITEMS.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed

\$60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

【SEC. 124. DIRECT FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$317,200,000 to provide assistance in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance under chapter 1 of this title. The President may, notwithstanding the provisions of section 501, consolidate all or any part of appropriations made pursuant to this section with appropriations made pursuant to section 103. Programs authorized by this section may be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.】

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance *specifically* designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

【(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

【(1) \$46,000,000 for Europe (excluding Greece and Turkey);

【(2) \$73,000,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and

【(3) \$80,098,195 for the Far East and the Pacific.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.】

(b) *There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this section not to exceed \$800,000,000, which shall remain available until expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this section not to exceed \$710,000,000 which shall remain available until expended.*

【(c) There is hereby authorized to be appropriated to the President for the fiscal year 1956 to carry out the provisions of this section, not to exceed—

- [(1) \$92,000,000 for Europe (excluding Greece and Turkey);
 - [(2) \$102,500,000 for the Near East (including Greece and Turkey) and Africa; and
 - [(3) \$827,800,000 for Asia;
- and for the fiscal year 1957 not to exceed—
- [(1) \$71,200,000 for Europe (excluding Greece and Turkey);
 - [(2) \$170,000,000 for the Near East (including Greece and Turkey) and Africa;
 - [(3) \$882,000,000 for Asia; and
 - [(4) \$52,000,000 for Latin America.

[(Funds made available under paragraph (4) may be used to furnish assistance designed to sustain and increase military effort or political or economic stability, and may be used without regard to the requirements of sections 141 and 142 in the case of any nation which is a party to the Inter-American Treaty of Reciprocal Assistance and which has adhered to the resolution of 1954 entitled "Declaration of Solidarity for the Preservation of the Political Integrity of the American States against the Intervention of International Communism". Of the funds made available under paragraph (4), the sum of \$15,000,000 shall remain available until expended, notwithstanding any other provision of this subsection, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: Provided, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 75 per centum of the funds made available for assistance under this sentence shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.]

[(Funds made available for assistance to Korea from appropriations authorized by this section may be used in accordance with the applicable provisions of section 132 of this Act.)]

[(d)] (c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) *To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsec-*

tion (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

[SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea", chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea", title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

[(b) (1)] Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1-M-AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection: *Provided*, That if after investigation it is determined by the President that there are privately owned C1-M-AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

[(2)] Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C. App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

[(c)] There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection.

[(d)] To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority pro-

vided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.】

CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interest of the United States.

SEC. 142. AGREEMENTS.—(a) No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, and provide the United States with full and complete information with respect to these matters, as the President may require.

(b) In cases where any commodity is to be furnished on a grant basis under [chapter 2 or] chapter 3 of title I [or under title II] of this Act under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a special account, and—

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

[SEC. 143. Notwithstanding any other provision of law, no assistance under this title or any other title of this Act, or under any provision of law repealed by section 542 (a) of this Act, shall be furnished to Yugoslavia after the expiration of ninety days following the date of the enactment of this section, unless the President finds and so reports to the Congress, with his reasons therefor, (1) that there has been no change in the Yugoslavian policies on the basis of which assistance under this Act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this Act.]

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—*In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House of Representatives, and the Appropriations Committees of the Senate and of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.*

SEC. 144. SOUTHEAST ASIA.—*Assistance under this title shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.*

TITLE II—DEVELOPMENT [ASSISTANCE] LOAN FUND

[SEC. 201. AUTHORIZATION.—(a) In addition to the funds heretofore appropriated pursuant to the provisions of sections 201 and 418 of this Act as in effect prior to the enactment of the Mutual Security Act of 1956, which funds shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto, there is hereby authorized to be appropriated to the President not to exceed \$293,000,000, to remain available until June 30, 1960, for assistance designed to promote the economic development of free Asia, the Middle East, and Africa, based on self-help and mutual cooperation of friendly nations, and to maintain economic and political stability in these areas.

[(b) The President is authorized to utilize the funds hereafter made available for purposes of this title to accomplish in these areas policies and purposes declared in this Act, and to disburse them on such terms and conditions, including transfer of funds, as he may specify: *Provided*, That eighty per centum of such assistance shall only be available on terms of repayment, except (1) when such funds are used to finance sales of surplus agricultural commodities under section 402, or (2) when granted for the purpose of a regional project involving two or more beneficiary nations: *And provided further*, That not more than 25 per centum of any funds hereafter made available for purposes of this title shall be used in furnishing bilateral assistance to any one nation.]

(Note.—Subsection (c) of section 201, with certain amendments, is redesignated by the bill (as passed the Senate) as subsection (d) of section 537 (see below).)

SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

SEC. 202. GENERAL AUTHORITY.—(a) There is hereby established a fund to be known as the "Development Loan Fund" (hereinafter referred to in this title as "the Fund") to be used by the President to finance activities carried out pursuant to authority contained in this title.

(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as he may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title. Loans shall be made from the Fund only on the basis of firm commitments by the borrowers to make repayment and

upon a finding that there are reasonable prospects of such repayment. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The authority of section 401 (a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. Guaranties under this subsection shall be subject to the provisions of section 413 (b) (4), except subparagraph (F) thereof. The administrator of the Fund shall furnish to the Committee on Foreign Relations of the Senate, to the Committee on Foreign Affairs of the House of Representatives, and to the Committees on Appropriations of the Senate and House of Representatives, a report on each financing operation or transaction involving the Fund's assets. Such report shall be made at the time such financing operation or transaction is consummated.

SEC. 203. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, unless disapproved in the appropriation Act appropriating funds pursuant to the authorization contained in the preceding sentence, the Secretary of the Treasury is authorized and directed to make, beginning in the fiscal year 1959, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204 (b) of this Act, the maximum amount of obligations incurred against the Fund during the fiscal year 1958 shall be \$500,000,000, during the fiscal year 1959 shall be \$750,000,000, and during the period beginning in the fiscal year 1960 shall be \$750,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section.

SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The President is authorized to incur, in accordance with the provisions of this title, obligations against the Fund in amounts which may not at any time exceed the assets of the Fund. The amount of such obligations also may not exceed the limitations specified in section 203 (a) of this Act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations. Obligations incurred against the Fund which are subsequently canceled shall not be counted for purposes of the limitations on obligations specified in section 203 (a).

The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization authorized pursuant to section 203 (a) of this Act which has not been advanced or loaned to the Fund as of such time. The Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title, including repayment of loans made to the Fund pursuant to section 203 (a) of this Act.

(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

SEC. 205. POWERS AND AUTHORITIES.—*In carrying out the purposes of this title, any officer or agency of the United States designated to exercise authorities provided for hereunder may, in addition to other powers and authorities provided to such officer or agency pursuant to this Act or otherwise by law, and as the President may direct: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as such officer or agency shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, such officer or agency, and, as such officer or agency may determine, refer any such obligations or rights to the Attorney General for suit or collection; and otherwise take any and all actions determined by such officer or agency to be necessary or desirable in making, carrying out, servicing, com-*

promising, liquidating, or otherwise dealing with or realizing on any transaction or operation authorized by this title. No officer shall be designated to be the administrator of the Fund except by appointment by the President by and with the advice and consent of the Senate.

SEC. 206. ADVISORY LOAN COMMITTEE.—There is hereby established an Advisory Loan Committee, referred to in this section as the "Committee", which shall advise and consult with the President, or such officer as he may designate to administer the Fund, with respect to basic policy matters arising in connection with the operations of the Fund and with respect to each new obligation against the Fund in excess of \$10,000,000. The Committee shall consist of the Deputy Undersecretary of State for Economic Affairs, the Chairman of the International Development Advisory Board acting in his individual capacity, the administrator of the Fund, and representatives designated by the President from the Export-Import Bank, the Department of Agriculture, the Department of Commerce, the United States representation in the International Bank for Reconstruction and Development, and such other representatives of Government agencies as the President shall deem necessary to insure proper coordination of the Fund's activities with the activities of other sources of capital which flows abroad. The Deputy Undersecretary of State for Economic Affairs shall be Chairman, and the administrator of the Fund shall be Vice Chairman, of the Committee. The administrator of the Fund shall furnish to the Committee all necessary information to enable the Committee to form a judgment with respect to the subjects referred to in the first sentence of this section. If the administrator of the Fund follows a course contrary to the advice of a majority of the Committee with respect to any such subject, he shall furnish to the Committee and to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a statement of his reasons for doing so.

TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public

administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- (a) pays a fair share of the cost of the program;
- (b) provides all necessary information concerning such program and gives the program full publicity;
- (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with the other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—[(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

[(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$146,500,000, and for the fiscal year 1957 not to exceed \$140,500,000, for technical cooperation programs in the Near East and Africa, Asia and Latin America.]

There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$151,900,000 to carry out the purposes of this title.

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION.—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

- (a) [\$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance; in addition, \$24,000,000 for the fiscal year 1956, and \$15,500,000 for the fiscal year 1957, for such contributions;] *\$15,500,000 for the fiscal year 1958 for contributions to the United Nations Expanded Program of Technical Assistance: Provided, That, notwithstanding*

the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution to this program may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed to the program for that period, for the calendar year 1959 as much as but not to exceed 38 per centum of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33.33 per centum of the total amount contributed to the program for that period.

(b) **[\$1,500,000 for making contributions to the technical cooperation program of the Organization of American States; in addition, \$1,500,000 for the fiscal year 1956, and \$1,500,000 for the fiscal year 1957, for such contributions.] \$1,500,000 for the fiscal year 1958 for contributions to the technical cooperation program of the Organization of American States.**

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem, or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, in lieu of subsistence and other expenses.

TITLE IV—OTHER PROGRAMS

SEC. 400. SPECIAL ASSISTANCE.—(a) *There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$250,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability or for assistance in accordance with the provisions of this Act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this Act. \$100,000,000 of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a).*

(b) *For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: Provided, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.*

(c) *The President is authorized to use not to exceed \$10,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for the purposes of this subsection.*

SEC. 401. [SPECIAL FUND] PRESIDENT'S SPECIAL AUTHORITY.—(a) *Of the funds made available under this Act, not to exceed \$150,000,000, in addition to the funds authorized [to be appropriated under subsection (b) hereof] for such use by section 400 (a) of this Act, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds pursuant to authorizations contained in this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Com-*

unist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this section may be allocated to any one nation in any fiscal year.

[(b)] There is hereby authorized to be appropriated to the President for the fiscal year 1956, \$100,000,000, and for the fiscal year 1957 not to exceed \$100,000,000, for use in accordance with subsection (a) of this section.]

[(c)] (b) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

SEC. 402. EARMARKING OF FUNDS.—[Of the funds authorized to be made available pursuant to this Act for the fiscal year 1956, not less than \$300,000,000, and of the funds so authorized for the fiscal year 1957 not less than \$250,000,000,] *Of the funds authorized to be made available in the fiscal year 1958 pursuant to this Act (other than funds made available pursuant to title II), not less than \$200,000,000* shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—[(a)] The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility at the time of the enactment of this Act as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the

United States. There is hereby authorized to be appropriated to the President [for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section] *for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section.*

[(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$21,000,000, and for the fiscal year 1957 not to exceed \$12,200,000, to carry out this section.]

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

SEC 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated [not to exceed \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter] such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. [In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized in this subsection.]

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated [for the fiscal year 1956 not to exceed \$1,400,000, and for the fiscal year 1957 not to exceed \$2,300,000,] *for the fiscal year 1958 not to exceed \$2,233,000* for contributions to the United Nations Refugee Fund.

(d) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$6,000,000, and for the fiscal

year 1957 not to exceed \$7,000,000,] *for the fiscal year 1958 not to exceed \$5,500,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this Act.*

SEC. 406. CHILDREN'S WELFARE.—[(a)] There is hereby authorized to be appropriated not to exceed [\$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund] *\$11,000,000 for the fiscal year 1958 for contributions to the United Nations Children's Fund.*

[(b)] There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed \$14,500,000, and for the fiscal year 1957 not to exceed \$10,000,000, for contributions to the United Nations Children's Fund.]

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—[(a)] There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955.] *There is hereby authorized to be appropriated to the President not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.*

[(b)] There is hereby authorized to be appropriated to the President not to exceed \$65,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.]

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated [for the fiscal year 1955 not to exceed \$3,200,000 for payment by the United States of its share of the expenses of the Organization, and thereafter] such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff or the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) [There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section. There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$2,000,000, and for the fiscal year 1957 not to exceed \$3,000,000, to carry out the purposes of this section.] *There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$2,200,000 to carry out the purposes of this section.*

(d) [There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed \$13,000,000] *In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses. [In addition, any funds made available under this Act may be used, in amounts determined by the President, for the purposes of this subsection.]*

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President [for the fiscal year 1955 not to exceed \$1,300,000, and for the fiscal year 1956 not to exceed \$1,175,000, and for the fiscal year 1957 not to exceed \$1,175,000,] *for the fiscal year 1958 not to exceed \$1,000,000* for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22

U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President [for the fiscal year 1955 not to exceed \$34,700,000, and for the fiscal year 1956 not to exceed \$35,225,000, and for the fiscal year 1957 not to exceed \$35,250,000,] *for the fiscal year 1958 not to exceed \$33,000,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter 1 of title I [and section 124]) and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.*

[(c) Not to exceed \$1,500,000 of funds made available under title II may be transferred in the fiscal year 1957 for necessary administrative expenses not otherwise provided for incident to carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance, and the amounts so transferred shall be consolidated with funds made available pursuant to this section for said fiscal year.]

[(d)] (c) There are authorized to be appropriated to the Department of State such amounts, not to exceed \$7,000,000 in any fiscal year, as may be necessary from time to time for administrative expenses which are incurred for normal functions of the Department which relate to functions under this Act.

[(e)] (d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 412. CHINESE AND KOREAN STUDENTS.—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted per-

mission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.】

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, through the agency primarily responsible for administering nonmilitary assistance under this Act, until June 30, 1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That*—

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project,

as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;

(F) the President is authorized to issue guaranties up to a total face value of \$500,000,000 exclusive of informational media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U. S. C. 1442), and section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509 (b) (3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the

Director of the International Cooperation Administration, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U. S. C. 665) and 3732 (41 U. S. C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U. S. C. 1442), and section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111 (e) (2);

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. *To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.*

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives,

is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

[SEC. 419. WORLD HEALTH ORGANIZATION.—Section 3 (a) of Public Law 643, Eightieth Congress, approved June 14, 1948, as amended, is hereby amended to read as follows:

["(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed 33½ per centum of the total assessments of active members of the Organization for such fiscal year; and".]

SEC. 419. *ATOMS FOR PEACE.*—(a) *The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$7,000,000 to carry out the purposes of this section.*

(b) *The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.*

(c) *In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately diestamped or labeled as a product of the United States shall be so stamped or labeled.*

SEC. 420. *MALARIA ERADICATION.*—*The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. Not to exceed \$23,300,000 of the funds made available pursuant to authorizations contained in this Act (other than title I, chapter 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section.*

(Note.—Existing law does not have a section designated as "Sec. 420".)

[SEC. 421. FOOD AND AGRICULTURE ORGANIZATION.—Public Law 174, Seventy-ninth Congress, as amended by section 1 (b) of Public Law 806, Eighty-first Congress, is hereby further amended by striking out the figure "\$2,000,000" in section 2 thereof and inserting in lieu thereof the figure "\$3,000,000", and by inserting before the period at the end of such section a colon and the following: "Provided, That

the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 31.5 per centum".】

(Note.—Sections 419 and 421 of the Mutual Security Act of 1954 presently contain amendments to other laws. The repeal of these sections by the bill as passed the Senate is not intended to affect the amendments made by them as originally enacted.)

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives. for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Appropriations of the Senate (if the committee using such currency is a committee of the Senate or a joint committee of the Congress), showing the total amount of such

currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—[(a)] If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this [subsection] section for the necessary expenses of liquidating assistance programs.

[(b)] Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955.]

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and [chapters 2 and] chapter 3 of title I, of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) [Assistance] *Except as otherwise specifically provided in this Act, assistance* under this Act

may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Whenever commodities, *equipment*, *materials*, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, *equipment*, *materials*, or services which generated the currencies were appropriated.

(b) [Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$200,000,000 shall be available only for the furnishing of assistance on terms of repayment.] Funds for the purpose of furnishing assistance on terms of repayment [shall] *may* be allocated to the Export-Import Bank of Washington, which [shall] *may*, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term “invention” means an invention or discovery covered by a patent issued by the United States; and

(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (e) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—[Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132 (a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132 (a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels provided such rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this Act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area.] The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made

available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), shall not be governed by the provisions of section 901 (b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels.

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title II or chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials *on a grant basis* under chapter 1 of title I [other than equipment or materials sold under the pro-

visions of section 106)] for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

SEC. 515. AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—Provisions in this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of au-

thority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b) and section 413 (b) (4), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this Act through the Secretary of State.

(c) *The President shall continue to exercise the powers conferred on him under chapter 3 of title I, relating to defense support, only through the Secretary of State and his subordinates.*

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury. The Administrator of General Services is authorized to maintain in a separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and

materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

(c) *Under the direction of the President, the Secretary of State shall:*

(1) coordinate the various forms of assistance authorized by this Act so that the foreign policies of the United States may be best served thereby; and

(2) determine the value of the program under chapter 1 of title I for any country.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. [The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.]

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—[Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance.] The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2)

compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled, *except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds two years*, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds two years.*

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may,

at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—

(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advance may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal

to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530 (a), may be renewed annually, notwithstanding section 15 of the Act of August 2, 1946 (5 U. S. C. 55a).

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416, 413 (b), and 418 of this Act.

SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be *consistent with and* in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of *free* nations, are authorized to furnish nonmilitary supplies, materials, and services to such organizations and nations on an advance of funds or reimbursable basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for chapter 1 of title I [and section 124]), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

(1) rents in the District of Columbia for the fiscal year [1957] 1958;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U. S. C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3) employment of aliens, by contract, for services abroad;
(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,300 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the continental United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U. S. C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) [rental of quarters outside the continental limits of the United States to house employees of the United States Government (without regard to section 322 of the Act of June 30, 1932, as amended (40 U. S. C. 278a)), lease, necessary repairs and alterations to quarters;] *rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;*

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the continental United States, at rates not in excess of those prescribed by the Stand-

ardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 811 of the Act of July 1, 1944, as amended (42 U. S. C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the continental United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, [or] (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) *when he is temporarily absent from his post under orders, or* (v) *when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel,* under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) Not to exceed [\$12,000,000] \$18,000,000 of the funds available [in the fiscal year 1957] for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act.

[SEC. 201. (c)] (d) Funds made available under [this title] *section 400* (a) may be used for expenses (other than those provided for

under section [411 (c)] 411 (b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: Provided, however, That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a).

SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

(d) *Funds appropriated pursuant to provisions of this Act repealed by the Mutual Security Act of 1956 or the Mutual Security Act of 1957 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations.*

SEC. 544. AMENDMENTS TO OTHER LAWS.—[(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

["INFORMATIONAL MEDIA GUARANTIES

["SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000."]

[(b)] (a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have

succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

[(c) In section 4 of the Act of May 26, 1949 (63 Stat. 111, 5 U. S. C. 151c), insert after the words "such functions" the following: ", including if he shall so specify the authority successively to redelegate any of such functions,".

[(d) In the first sentence of section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b) (2)), after "any agency thereof", insert "including amounts received in repayment of principal or interest on any loan made under section 505 (b) of the Mutual Security Act of 1954, as amended".

[(e) Section 933 of the Foreign Service Act of 1946, as amended (22 U. S. C. 1148), is hereby amended by inserting after "continental United States" where it appears in both subsection (a) and subsection (b) of that section ", its Territories and possessions,".

[(f) Section 1441 (c) of the Internal Revenue Code of 1954 is hereby amended by inserting after paragraph (5) the following new paragraph:

["(6) PER DIEM OF CERTAIN ALIENS.—No deduction or withholding under subsection (a) shall be required in the case of amounts of per diem for subsistence paid by the United States Government (directly or by contract) to any nonresident alien individual who is engaged in any program of training in the United States under the Mutual Security Act of 1954, as amended."

[(g) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1442), is amended by inserting "(a)" before "The Director", by deleting everything after the words "national interests of the United States", by inserting a period at that point, and by inserting the following new subsections:

["(b) The Director is authorized to assume the obligation of not to exceed \$28,000,000 of the notes authorized to be issued pursuant to subsection 111 (c) (2) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509 (c) (2)), together with the interest accrued and unpaid thereon, and to obtain advances from time to time from the Secretary of the Treasury up to such amount, less amounts previously advanced on such notes, as provided for in said notes. Such advances shall be deposited in a special account in the Treasury available for payments under informational media guaranties.

["(c) The Director is authorized to make informational media guaranties without regard to the limitations of time contained in subsection 413 (b) (4) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4)), but the total of such guaranties outstanding at any one time shall not exceed the sum of the face amount of the notes assumed by the Director less the amounts previously advanced on such notes by the Secretary of the Treasury plus the amount of the funds in the special account referred to in subsection (b).

["(d) Foreign currencies available after June 30, 1955, from conversions made pursuant to the obligation of informational media guaranties may be sold, in accordance with Treasury Department regulations, for dollars which shall be deposited in the special account and shall be available for payments under new guaranties. Such currencies shall be available, as may be provided for by the Congress in appropriation Acts, for use for educational, scientific, and cultural purposes which are in the national interest of the United States, and for such other purposes of mutual interest as may be agreed to by the governments of the United States and the country from which the currencies derive.

["(e) Notwithstanding the provisions of subparagraph 413 (b) (4) (E) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4) (E)), (1) fees collected for the issuance of informational media guaranties shall be deposited in the special account and shall be available for payments under informational media guaranties; and (2) the Director may require the payment of a minimum charge of up to fifty dollars for issuance of guaranty contracts, or amendments thereto.

["(f) The Director is further authorized, under such terms as he may prescribe, to make advance payments under informational media guaranties: *Provided*, That currencies receivable from holders of such guaranties on account of such advance payments shall be paid to the United States within nine months from the date of the advance payment and that appropriate security to assure such payments is required before any advance payment is made.

["(g) As soon as feasible after the enactment of this subsection, all assets, liabilities, income, expenses, and charges of whatever kind pertaining to informational media guaranties, including any charges against the authority to issue notes provided in section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, cumulative from the enactment of that Act, shall be accounted for separately from other guaranties issued pursuant to subsection 413 (b) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b)): *Provided*, That there shall be transferred from the special account established pursuant to subsection (b), into the account available for payments under guaranties other than informational media guaranties, an amount equal to the total of the fees received for the issuance of guaranties other than informational media guaranties, and used to make payments under informational media guaranties."

["(h) Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), is amended by adding at the end thereof the following: "In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes."

["(i) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress;

7 U. S. C. 1704), as amended, is further amended by adding after paragraph (h) the following new paragraph:

["(i) for financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year."]

(Note.—Subsections (a) and (c) through (i) of section 544 of the Mutual Security Act of 1954 presently contain amendments to other laws. The repeal of these subsections by the bill as passed the Senate, is not intended to affect the amendments made by them as originally enacted.)

(b) *Public Law 174, Seventy-ninth Congress, as amended, is hereby further amended by striking out "31.5" in the proviso at the end of section 2 and inserting "33.33".*

(c) *Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704) is amended by changing the period at the end thereof to a comma and adding: "such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;"*

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term "commodity" includes any commodity, material, article, supply, or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve", as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess", as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1, of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the mutual defense assistance program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or materials) shall mean—

(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

(2) where there are no similar transactions within the meaning

of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

(j) The term "agency administering nonmilitary assistance" shall refer to any agency to which authorities and functions under chapter 3 of title I, title II, title III, or title IV of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

(k) The term "officer administering nonmilitary assistance" shall refer to any officer to whom authorities and functions under chapter 3 of title I, title II, title III, or title IV of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the [Atomic Energy Act of 1946, as amended (42 U. S. C. 1801)] *Atomic Energy Act of 1954, as amended (42 U. S. C. 2011)*.

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

[SEC. 547. REDUCTION OF AUTHORIZATIONS.—Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the purposes of titles I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000.]

SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds heretofore made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.

SEC. 549. SPECIAL PROVISION ON AVAILABILITY OF FUNDS.—An amount equal to 25 per centum of the funds authorized to be appropriated for any fiscal year for purposes of [chapter 3 of title I,] title [III,] *III* or section 403 of this Act is authorized to be continued available for three months beyond the end of the fiscal year for which appropriated.

SECTION 104 (h) OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

(Public Law 480, 83d Cong.)

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) * * *

* * * * *

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes [.] *such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;*

[PUBLIC LAW 174—79TH CONGRESS]

[CHAPTER 342—1ST SESSION]

[H. J. Res. 145]

JOINT RESOLUTION

Providing for membership of the United States in the Food and Agriculture Organization of the United Nations.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized to accept membership for the United States in the Food and Agriculture Organization of the United Nations (hereinafter referred to as the "Organization") the Constitution of which is set forth in appendix I of the First Report to the Governments of the United Nations by the Interim Commission on Food and Agriculture, dated August 1, 1944.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sum not exceeding \$625,000 during the first fiscal year of the Organization and sums not exceeding \$3,000,000 annually thereafter as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided,* That the percentage con-

tribution of the United States to the total annual budget of the Organization shall not exceed **[31.5]** 33.33 per centum.

SEC. 3. In adopting this joint resolution, it is the sense of the Congress that the Government of the United States should use its best efforts to bring about, as soon as practicable, the integration of the functions and the resources of the International Institute of Agriculture with those of the Organization, in a legal and orderly manner, to effect one united institution in such form as to provide an adequate research, informational and statistical service for the industry of agriculture.

SEC. 4. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States accept any amendment under paragraph 1 of article XX of the Constitution of the Organization involving any new obligation for the United States.

SEC. 5. In adopting this joint resolution the Congress does so with the understanding that paragraph 2 of article XIII does not authorize the Conference of the Organization to so modify the provisions of its Constitution as to involve any new obligation for the United States.

Approved July 31, 1945.

SUPPLEMENTAL VIEWS

We are of the opinion that the philosophy underlying the Development Loan Fund is sound. The majority report refers to it as "the basis for a fundamentally new approach to assisting the development of the less developed areas of the world." This statement needs some qualification. The present law requires that 80 percent of development assistance be on a loan basis. The Export-Import Bank performs a lending function for development purposes as does the International Bank and the more recently created International Finance Corporation. The only novelty in the loan section of this bill is the complete substitution of long-term loans for annual grants for purposes of development. This is an approach that we have urged for the past several years.

Grants for economic development have subjected the mutual security program to attacks at home and have lost much of their catalytic stimulus to development abroad. Our people are accustomed to finance such projects from their own resources. Inherent in any development plans we make are provisions for financing.

In the report on Foreign Policy and Mutual Security made by our former committee chairman, Hon. James P. Richards, the arguments for loans to less developed countries are put in these words:

* * * By their very nature they (loans) place upon the borrower a responsibility for some forethought and a prudence in their use. The prospect of repayment will raise questions pertaining to the adequacy of the tax system. Tax reforms can be more readily justified on the basis of the government's obligation. Modern technology requires costly equipment. A government faced with the prospect of paying for equipment may be more willing to settle for equipment that may not be the most modern but is adequate for the degree of development the country has reached. Loans usually involve amounts greater than those obtainable through grants. They are made over a period of years. These features permit long-time commitments for large projects with an assurance that sufficient sums will be available to see the projection to completion.

Moreover, the perpetuation of a donor-recipient relationship ultimately wears thin to the point where benefits for both parties are reduced, if not nullified, and normally cordial relations are strained.

We depart from the majority views only on the dimensions, both as to time and money, of the Development Loan Fund. No one knows what demands will be made upon the Fund. During our hearings, the Executive submitted a brochure entitled "The Proposed Development Loan Fund—A Guide." This has been incorporated in our hearings. One part deals with the scale of the Fund's opera-

tions, based upon studies made by the Executive as well as non-government sources. All suggest a variety of potential projects that add up to heavy outlays for development financing. They are in the realm of speculation rather than specifics. A classified document submitted in response to the committee's request for particulars is equally inconclusive. It lists potential projects that could be financed from the Fund. It is a shopping list rather than a bill of sale.

We are not critical because the Executive has not submitted an itemized list of specific projects. We can understand that much preliminary study must be made by our own officials. Abroad governments must reduce ambitious schemes of development to concrete plans and priorities, followed by protracted negotiations. If we thought this preliminary work were not to be done, we would be unable to support the Fund. It is precisely because so much must be done, that we urge a "go slow" program. We see no advantage in building up a heavy capitalization at this time merely for purposes of discussions with other governments. The criteria set for the Fund's use are high. A limited working capital will force a careful screening in line with these criteria.

It is our belief that \$500 million will be more than adequate to initiate the program. We point out that this sum is authorized without fiscal year limitations; it is available until obligated. Indicative of putting funds to constructive uses quickly is the Asian Development Fund for which Congress voted \$100 million in 1955. Today less than \$13 million of that Fund is obligated—and that Fund was part grants and part loans. This points up the desirability of giving the Development Loan Fund a trial period of a year. Then the Congress and the Executive can make a more intelligent appraisal of the Fund's operations and can determine more accurately what its capital requirements are.

ARMISTEAD I. SELDEN, Jr.
DANTE B. FASCELL.
EDNA F. KELLY.
WAYNE L. HAYS.
LEONARD FARBSTEN.

MINORITY REPORT

The Mutual Security Act of 1956, authorizing \$3.9 billion, granted extreme flexibility to the executive branch in the administration and management of the mutual security program. The mutual security bill for 1957, as reported by the committee, authorizes \$3.2 billion and represents a further abdication of congressional responsibility and control over the foreign aid program despite increasing and incontrovertible evidence of waste and inefficiency in administration and execution.

Some of us have in the past inveighed against the policy of pouring billions of American tax dollars into programs of doubtful validity. Recent disclosures have highlighted the timeliness of our earlier warnings. Irresponsibility and mismanagement in the Korean, Iranian, and Vietnamese assistance programs have been made public. The Comptroller General has highlighted the lack of validity of the force goals used in our military programs and the inherent lack of candor in the so-called illustrative programs presented to the Congress by the executive branch. These are matters of the past. We feel it to be our duty, however, to point out to the Congress and to the American people the pitfalls inherent in the present legislation. As surely as these deficiencies go uncorrected, so will there be future disclosures of mismanagement and waste.

FOREMOST AMONG THE MANY DEFECTS OF THE BILL IS THE UNDUE RELAXATION OF CONGRESSIONAL CONTROL

The defects of the bill are many, but that transcending all others is the relinquishment of congressional control over the program. The trend in the past has been for the executive branch to request—and to receive—ever greater flexibility; but now the Congress is requested abjectly to abdicate its powers and to grant a blank check to be cashed wherever, by whomever, and in whatever amounts as are designated by those in charge of the mutual security program. This indictment is not made without foundation. The bill of particulars and the specifics are set forth below.

Relaxation of control is particularly apparent in five areas: (1) the military assistance authorization, (2) the defense support authorization, (3) the technical assistance authorization, (4) the development loan fund provisions, and (5) the special assistance provisions.

Surrender of congressional control over military assistance program

In years gone by, military assistance was authorized on a geographic basis. In 1955 this limitation was dropped. Again, the military program was originally limited to military hardware and military services, but this principle has eroded to the vanishing point. In 1955 and 1956 the Congress approved no-year funds for the military assistance program, but, fortunately, the acts appropriating funds

for the mutual security program did not embody that principle and made the appropriation subject to fiscal year limitations. This year the Congress was not only asked to authorize funds on a no-year basis but also to make the authorization a continuing one.

These requests with respect to military assistance would effectively remove most of the few remaining congressional controls. The removal of the requirement that funds be obligated in the year in which appropriated would allow the hoarding of funds for subsequent use and would result in a hodgepodge of obligation and deobligation. The removal of these restrictions would result in a virtual loss to the Congress of the right to exercise controls and to give policy guidance. The rationale of the desire to make this a continuing authorization was that the military assistance funds should be placed in the Department of Defense budget. At first glance, we were inclined to the belief that since much of our military assistance abroad is in our own defense and a part of our defense system, it could be properly included in our own regular defense budget. After hearing the evidence, studying the record of testimony and considering the dangers inherent in such an approach, however, we are afraid that the integration of the military assistance program into our regular Defense program would be unwise. It would conceal from the American people the exact amounts spent on military assistance overseas and would hide these figures and statistics in a mass of voluminous detail. Fortunately, the committee did not accept this request completely but confined itself to making a blanket authorization for the fiscal year 1959 only and to granting the no-year authority. Every appearance, however, is that the practice will be continued.

Surrender of congressional control over defense support

A request was also made for a blanket authorization and for no-year funds for defense support. The former was refused and the latter accepted by the committee. Again, tight congressional controls are relaxed with the results of less supervision over the funds authorized and of less incentive for careful and realistic planning.

Surrender of congressional control over technical assistance

Similarly, the executive branch requested that technical assistance authorizations be placed on a continuing basis. The committee refused to grant this authority but did insert a provision converting the technical assistance funds into no-year funds. Again there is a substantial loss of congressional control.

Surrender of congressional control over Development Loan Fund

The proposed Development Loan Fund is not subject to any effective congressional, or other, control. Congress is asked for \$1.5 billion for a 3-year period without any effective restrictions as to fiscal years and without any requirement for prior planning. This huge sum is to be made available not to a corporation or a clearly defined organization but rather to an undefined entity without shape or form. The method of operation and the framework of administration has yet to be defined. The powers and authorities of this formless entity are extremely broad in their application and vague in their limitations. Other than a requirement that certain reports be furnished the congressional committees on request, the limits on the program represent wishful thinking in the extreme. There are no clearcut requirements, only

vague and glittering generalities of principle. The recent examples of waste and extravagance in Iran and Korea make it abundantly clear that Congress, rather than giving a blanket authorization of \$1.5 billion for 3 years, should restrict the activities of the executive branch and force those responsible for the program to present carefully conceived plans prior to approval of funds.

Lack of congressional control over Special Assistance

The authorization of \$275 million as a special assistance fund is illustrative of the degree to which congressional control has been relaxed. This fund may be expended in almost complete disregard of the requirements of the Mutual Security Act; it may be used for practically any purpose. The argument may well be made that these funds are needed to meet emergency situations. The fact of the matter is that the President already has authority to transfer up to \$150 million from other programs for such emergency purposes and that in addition to that broad authority there is additional authority under section 501 to transfer 10 percent of any appropriation to any other appropriation, except that the appropriation to which the transfer is made cannot be augmented more than 20 percent. It is readily apparent that vast sums can be indiscriminately shifted from purpose to purpose. Under those circumstances there appears to be no valid reason to increase the funds beyond congressional control from the \$100 million authorized for fiscal year 1957 to the \$275 million proposed this year. Again a blank check is handed to the managers of the program.

THERE IS STILL \$6.2 BILLION IN THE PIPELINE, PLUS \$1 BILLION IN COUNTERPART, PLUS \$1 BILLION IN PUBLIC LAW 480—GENERATED LOCAL CURRENCIES, AVAILABLE FOR LOANS

Aside from the conspicuous abdication of congressional control there are other serious deficiencies in the bill portending major difficulties in years to come. It is estimated that as of June 30, 1957, there were no less than \$6,232,734,000 in undelivered materials, commodities and services in the pipeline. These dollars are adequate to maintain the impetus of the program for some time. On the military assistance side alone there are no less than \$4,380,594,000 of undelivered military end items and services. Much of this equipment represents obsolete and obsolescent material. We are continuing to furnish our allies equipment which, under existing strategic concepts, may well be useless. In view of these huge unliquidated obligations, it is apparent that additional trimming is in order and that further economies could be realized in the program.

Added to the amount in the pipeline are no less than \$1 billion in counterpart funds and in other local currencies generated by the mutual security program. Under Public Law 480, the United States Government disposes of surplus agricultural commodities to friendly foreign governments in return for their local currencies (rupees, bahts, etc., not dollars). Among other purposes, these local currencies are available for loans for multilateral trade and economic development. There is no less than the equivalent of \$1,114,900,000 available for that purpose. Detailed figures are set forth in the table which follows.

TABLE III.—Planned uses of foreign currency under title I, Public Law 480, agreements signed from beginning of program through Feb. 28, 1957¹

[In millions of dollars]

Country	Total amount programmed (market value including ocean transportation)	Market development (104a)	Purchase of strategic material (104b)	Military procurement (104c)	Purchase of goods for other countries ² (104d)	Grants for multi-lateral trade and economic development (104e)	Payment of United States obligations ³ (104f)	Loans for multi-lateral trade and economic development (104g)	Inter-national education exchange (104h)	Translation and publication (104i)	Information and education (104j)
Argentina	31.1	0.6			(²) 2.0		9.8	20.0	0.7		
Austria	28.6	.7					9.9	16.0			
Brazil	180.2	2.7	3.2	2.0			19.6	149.2	2.1	0.5	0.9
Burma	21.7	.5			(²)		3.9	17.3			
Chile	40.1	.8					7.0	31.7	.6		
China (Taiwan)	9.8	.7		4.9	(²)		3.4	.8			
Colombia	16.9	.8					5.5	10.0	.6		
Ecuador	8.1	.4					6.3	4			.2
Egypt	19.6	.5					4.7	13.6	.8		
Finland	24.0	.5			(²)		23.2		.3	.05	
France	2.1	1.2			.6		.3				
Germany	1.2	1.1					1				.5
Greece	42.0	1.3				7.5	9.2	23.5			
India, 3-year program	360.1	4.0			(²)	54.0	66.2	234.1	1.8		
Indonesia	97.8	1.0	2.0				17.1	77.4	.3		
Iran	12.8	.4		5.9			3.3	2.5	.7		.2
Israel	51.6	2.2			(²)		14.4	36.8			
Italy	120.4	2.7	1.0		² 10.0		23.3	82.4			1.0
Japan	151.5	3.3		(⁶) 65.1	10.9		26.3	108.9	2.1		
Korea	81.6	.5					14.5		.9		.6
Netherlands	.23	.25					.03			.3	1.0
Pakistan	120.7	1.7		74.3			18.8	23.6	1.0		
Paraguay	3.0	.2					5	2.2	.1		
Peru	13.5	.7					2.6	9.7	.5		
Portugal	7.1	.3					3.1	3.4	.3		
Spain	176.7	3.0	1.0				62.9	107.7	1.1	.5	.5
Thailand	2.5	.4					.65	1.0	.45		
Turkey	110.2	.7					50.4	54.9	1.6	.1	2.5
United Kingdom	27.4						27.4				
Yugoslavia	222.3	1.0		(⁶) 88.8			49.5	82.7		.3	
Total agreements	4 61,984.88	32.15	7.2	241.0	23.5	61.5	478.38	1,114.9	17.15	1.75	7.4
Uses as percent of total	100.0	1.6	.4	12.1	1.2	3.1	24.1	56.2	.9	.1	.3

¹ Amounts shown on this table are subject to adjustment when actual purchases and allocations have been made.

² Amounts shown in this column indicate a specified amount in the agreement for this use. Footnote 2 only shows an unspecified amount for possible procurement for 3d countries. A footnote and an amount indicate more than 1 agreement including both specified and unspecified amounts.

³ In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

⁴ Total market value in table III differs from total in table I by the \$6 million estimated for ocean freight differential in the Indian agreement for which no rupee deposits will be required.

⁵ The Japanese agreement for the July-June year 1955-56 provides for the use of \$8.1 million and the United Kingdom agreements provide for the entire currency use under subsec. 104 (c). However, since in return for this currency use these countries will construct and make available to the U. S. Armed Forces an equivalent value of dependent housing, the amounts are shown under 104 (f).

⁶ In some instances column totals do not add to total amount programmed because of slight differences in rounding.

Expenditure of these loan funds generated under Public Law 480 is devoid of any congressional control or restraint. They are neither authorized nor appropriated. They are spent without reference to Congress. Certainly these funds are available to perform most of the purposes contemplated by the Development Loan Fund. It is high time that a careful correlation be made by Congress between economic development expenditures, loans through the medium of Public Law 480, and projects carried on through mutual security generated local currencies. Our objection is not to the sale of surplus agricultural commodities for local currencies, but rather it is to the lack of congressional control over the disposal of local currencies.

Every year those who oppose the program, or who advocate economies, are charged with a reckless disregard of America's security and with a lack of understanding or knowledge. Suffice it to say that last year, despite the vehement protests of the proponents of the program, the request for military assistance was cut by a billion dollars. Despite this cut there are still \$500 million in unobligated balances from the funds appropriated last year, clearly demonstrating that the cut last year was not too deep, but rather too shallow. The Department of Defense contends that the \$500 million represents savings; nevertheless it is still an unobligated balance. Again, this year, we are told that any further economies would be in reckless disregard of the national security. We can only say that we predict with certainty that next year could produce the same results.

In 1955, the Congress authorized a President's Fund for Asian Economic Development in the amount of \$200 million. It was specified that the funds appropriated would remain available until June 30, 1958. Only \$100 million was appropriated. Two years later, however, there still remains an unobligated balance of \$87 million in this fund. It is readily apparent that funds are frequently requested in amounts far exceeding the actual needs of the program.

The magnitude of the aid furnished throughout the world since World War II is illustrated by the following table:

Foreign aid for the period July 1, 1945, through Dec. 31, 1956

Gross grants-----	\$50,760,000,000
Less prior grants converted to credits-----	2,257,000,000
Less reverse grants and returns-----	1,688,000,000
Net grants-----	46,815,000,000
New credits-----	12,780,000,000
Plus prior grants converted to credits-----	2,257,000,000
Total-----	15,037,000,000
Less principal collections-----	4,190,000,000
Net credits-----	10,847,000,000
Total grants and credits-----	57,662,000,000

The Development Loan Fund is another blank check request

The proposed Development Loan Fund is heralded as a new approach to foreign aid. We are told that a new day is dawning, that grant programs have become loan programs, and that ill-conceived illustrative programs are to be replaced with soundly planned and adequately prepared projects. Such is not the case. In our opinion, the Development Loan Fund represents a jerry-rigged effort to meet continuing

criticisms of the program rather than a carefully planned approach to difficult problems. In the first place, the Development Loan Fund is not a loan program; it is a grant program in disguise. The Development Loan Fund will grant soft loans which means that the loans will run for a long period of time and may be repaid in local currencies; i. e., rupees, bahts, etc., rather than in dollars. A soft loan approach with all its paraphernalia of "long terms", "low interest rates," and "repayment in soft currencies" can never be a legitimate substitute for a straightforward loan technique. The snares in the path of a soft loan program have been more than adequately pointed out by the Honorable Samuel C. Waugh, President and Chairman of the Board of the Export-Import Bank. Mr. Waugh pointed out that in order for a soft loan to succeed, a thorough analysis of the economic and financial position and prospects of a foreign economy must be made. In our opinion, the prospects of such an analysis are dim. He succinctly summarized the problem with respect to soft loans as follows:

Soft-loan programs raise a number of difficult questions, several of which I should like to mention.

The point already has been made that excessive lending on soft terms may make the recipient an unsuitable subject for hard loans. The question still remains of how to avoid such overfinancing so long as banking criteria by definition cannot be applied to soft loans.

A related problem is how to avoid giving offense to the country concerned when deciding whether to make a hard or a soft loan to it. This difficulty, surely, is no easier to meet than would be that of whether to make a loan or a grant.

More important, however, is a problem often overlooked in the consideration of soft loans versus grants. This is the probable attitude of any borrower who is in default. A defaulting debtor can hardly be expected to entertain friendly feelings for his creditor.

Finally, there is the vexing problem in a soft-loan program of maintaining the soundness of hard loans. Gresham's well-known principle that bad money drives good money out of circulation is equally applicable to credit.

In conclusion, we at the bank support Secretary Dulles' position that private capital is and must be the primary source of funds for economic development abroad and that an important role in assisting such development for some years to come should be played by hard loans from the Export-Import Bank and the International Bank (hearings, pt. III, pp. 326, 327).

The committee has repeatedly heard statements similar to Mr. Waugh's that Gresham's law is as applicable to banking transactions as it is to money itself. Bad loans will drive out good loans. The clear implication of the policies proposed under the soft loan program of the Development Loan Fund is that expansion by American capital into the underdeveloped countries will be curtailed. It is paradoxical that on the one hand it is universally recognized that expanded private investment is the sure cure to many foreign aid problems, and yet, on the other hand, it is proposed to undertake a program which will

have the inevitable effect of killing off private commercial investment from the United States.

The borrowing authority of the President, contained in the Development Loan Fund section of S. 2130, regardless of any argument to the contrary, will actually amount to an increase in our national debt. To grant such additional authority would, we fear, be another significant step toward the destruction of our constitutional system of checks and balances, which even now is hanging on a tilted rock.

Another defect of the proposed Fund is that loans may be made to individuals, apparently without the consent or approval of the governments concerned. Such a proposal is filled with possibilities for international dispute and distrust. It should be a fundamental cornerstone of our foreign policy that the United States Government deal with individuals of a friendly nation only through their duly constituted governments. The course proposed could result in creating suspicion on the part of a friendly government that we are endeavoring to undermine its support.

CONCLUSIONS

We are seriously disturbed about the undue relaxation of congressional control over the program and about the authorization of additional billions when a clear need for such additional authorization has not been demonstrated and when sufficiently clear plans for their use have not been presented. After the expenditure of more than \$57 billion for foreign aid programs since 1945, an additional authorization of \$3.2 billion should be made only after careful and painstaking study. As the years go by, the lack of wisdom inherent in the course of continuing the foreign aid program without spelling out the cost and reappraising the goals become more apparent. Speaking for the millions of Americans who are rebelling against waste, extravagance, and poor planning in the expenditure of their hard-earned dollars, we can only warn once more against undertaking new programs without weighing the necessity for such a course and without thinking through their consequences.

In view of the above, we cannot support the legislation in its present form in that—

- (1) The bill unduly surrenders congressional control over the mutual security program.

- (2) There remains in the pipeline approximately \$6.2 billion, plus \$1 billion of counterpart funds, plus \$1 billion of Public Law 480-generated local currencies available for economic development loans, or a total of \$8.2 billion, to which would be added the \$3.2 billion authorized in this bill, or a grand total of \$11.4 billion.

- (3) There is urgent need for better correlation and for more careful and efficient planning in the use of funds available, including appropriated funds, Public Law 480 loan funds, and counterpart and other local currencies.

- (4) A clearly thought out plan for a sound loan program has not been developed and presented to the Congress, nor could the proposed loan plan be put into effect without a substantial increase in the national debt.

Any further abdication of congressional authority and control over appropriations for mutual security programs and expenditures and any further enlargement of the present almost unlimited blank-check authority of the executive branch of our Government, will be legislatively unwise and constitutionally dangerous. The reasons are well known.

E. ROSS ADAIR.
ALVIN M. BENTLEY.
MARGUERITE STITT CHURCH.
L. H. FOUNTAIN.
J. L. PILCHER.
LAWRENCE H. SMITH.



Union Calendar No. 263

85TH CONGRESS
1ST SESSION

S. 2130

[Report No. 776]

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1957

Referred to the Committee on Foreign Affairs

JULY 9, 1957

Reported with amendments, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1957".

5 SEC. 2. Title I, chapter 1, of the Mutual Security Act
6 of 1954, as amended, which relates to military assistance, is
7 further amended as follows:

8 (a) Amend section 103, which relates to authoriza-
9 tions, as follows:

1 (1) Strike out subsection (a) and substitute the fol-
2 lowing:

3 “(a) There is hereby authorized to be appropriated to
4 the President for use beginning in the fiscal year 1958 to
5 carry out the purposes of this chapter not to exceed ~~\$1,800,-~~
6 ~~000,000~~ \$1,500,000,000, which shall remain available until
7 expended. ~~There is hereby authorized to be appropriated to~~
8 ~~the President for use beginning in the fiscal year 1959 to~~
9 ~~carry out the purposes of this chapter not to exceed \$1,500,-~~
10 ~~000,000, which shall remain available until expended.~~
11 *There are hereby authorized to be appropriated to the Presi-*
12 *dent for the fiscal year 1959 such sums as may be necessary*
13 *to carry out the purposes of this chapter, which sums shall*
14 *remain available until expended.”*

15 (2) In subsection (b), strike out “and of section 124”.

16 (3) In subsection (c), add at the end thereof the follow-
17 ing new sentence: “When appropriations made pursuant to
18 this section are used to furnish military assistance on terms
19 of repayment within three years or earlier, dollar repay-
20 ments, including dollar proceeds derived from the sale of
21 foreign currency received hereunder to any United States
22 Government agency or program, may be credited to the
23 current applicable appropriation and shall be available until
24 expended for the purposes of military assistance on terms of
25 repayment, and, notwithstanding section 1415 of the Supple-

1 mental Appropriation Act, 1953, or any other provision of
2 law relating to the use of foreign currencies or other receipts
3 accruing to the United States, repayments in foreign cur-
4 rency may be used for the purposes of this chapter: *Pro-*
5 *vided*, That the authority in this sentence shall apply to re-
6 payments from not to exceed \$175,000,000 of the appro-
7 priations used for such assistance.”.

8 (b) In section 104 (a), which relates to infrastructure,
9 strike out in the first sentence the word “already”; strike out
10 “\$780,000,000” in the first sentence and substitute “\$1,000,-
11 000,000”; and strike out the second sentence.

12 (c) In section 105 (b) (3), which relates to condi-
13 tions applicable to military assistance, strike out the words
14 between “Asia” and “, the President”.

15 (d) Amend section 107, which relates to waivers of
16 law, as follows:

17 (1) In subsection (a), strike out “1262 (a), and title
18 34, United States Code, section 546 (e)” and substitute
19 “7307 (a)”.

20 (2) In subsection (b), strike out “Revised Statutes
21 1222 (10 U. S. C. 576)” and substitute “title 10, United
22 States Code, sections 3544 (b) and 8544 (b)”.

23 (e) Repeal section 108, which relates to transfer of
24 military equipment to Japan.

25 SEC. 3. Chapter 2 of title I of the Mutual Security Act

1 of 1954, as amended, which relates to southeast Asia and
2 the Western Pacific, and direct forces support, is hereby
3 repealed.

4 SEC. 4. Title I, chapter 3, of the Mutual Security Act
5 of 1954, as amended, which relates to defense support, is
6 further amended as follows:

7 (a) Amend section 131, which relates to general au-
8 thority, as follows:

9 (1) In subsection (a), before "designed" in the first
10 sentence, insert "specifically".

11 (2) Strike out subsection (b) and substitute the follow-
12 ing:

13 " (b) There is hereby authorized to be appropriated to the
14 President for use beginning in the fiscal year 1958 to carry
15 out the purposes of this section not to exceed \$800,000,000
16 \$700,000,000, which shall remain available until expended.
17 ~~There is hereby authorized to be appropriated to the Presi-~~
18 ~~dent for use beginning in the fiscal year 1959 to carry out~~
19 ~~the purposes of this section not to exceed \$710,000,000,~~
20 ~~which shall remain available until expended."~~

21 (3) Strike out subsection (c), and redesignate subsec-
22 tion "(d)" as subsection "(c)".

23 (4) Add a new subsection (d) as follows:

24 "(d) To the extent necessary to accomplish the purposes

1 of this section in Korea (1) assistance may be furnished
2 under this section without regard to the other provisions of
3 this title and (2) the authority provided in section 307 may
4 be exercised in furnishing assistance under subsection (a) of
5 this section; and funds available under this section may be
6 used for payment of ocean freight charges on shipments for
7 relief and rehabilitation in Korea without regard to section
8 409 of this Act.”

9 (b) Repeal section 132, which relates to the Korean
10 program.

11 SEC. 5. Title I, chapter 4, of the Mutual Security Act
12 of 1954, as amended, which relates to general provisions
13 relating to mutual defense assistance, is further amended as
14 follows:

15 (a) In section 142 (b), which relates to agreements,
16 strike out in the first sentence “chapter 2 or” and “or under
17 title II”.

18 (b) Section 143 is amended to read as follows:

19 “SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnish-
20 ing assistance to Yugoslavia, the President shall continuously
21 assure himself (1) that Yugoslavia continues to maintain its
22 independence, (2) that Yugoslavia is not participating in
23 any policy or program for the Communist conquest of the
24 world, and (3) that the furnishing of such assistance is in
25 the interest of the national security of the United States.

1 The President shall keep the Foreign Relations Committee
2 of the Senate, the Foreign Affairs Committee of the House
3 of Representatives, and the Appropriations Committees of the
4 Senate and of the House of Representatives fully and con-
5 stantly informed of any assistance furnished to Yugoslavia
6 under this Act.”

7 (c) Add a new section 144 as follows:

8 “SEC. 144. SOUTHEAST ASIA.—Assistance under this
9 title shall be made available subject to the provisions of sec-
10 tions 141 and 142, except that (1) in the case of assistance
11 to the Associated States of Cambodia, Laos, and Vietnam,
12 and (2) in the case of assistance (not to exceed in the aggre-
13 gate 10 per centum of the amount appropriated pursuant
14 to section 121, excluding unexpended balances of prior appro-
15 priations) to other nations in the area of southeast Asia,
16 the President may waive specific provisions of section 142
17 to the extent he may deem necessary in the national interest
18 to carry out the purposes of this Act. The President or such
19 officer as he may designate shall report each instance of such
20 waiver to the Foreign Relations, Appropriations, and Armed
21 Services Committees of the Senate and the Foreign Affairs,
22 Appropriations, and Armed Services Committees of the
23 House of Representatives within thirty days.”

24 SEC. 6. Title II of the Mutual Security Act of 1954,

1 as amended, which relates to development assistance, is fur-
2 ther amended by striking out the heading of the title, “DE-
3 VELOPMENT ASSISTANCE”, and substituting “DE-
4 VELOPMENT LOAN FUND”; by striking out the sec-
5 tion number and heading of section 201 and striking out
6 subsections (a) and (b) of section 201; by redesignating
7 subsection (c) of section 201 as subsection (d) of section
8 537 and striking out therein “this title” and “411 (c)” and
9 substituting, respectively, “section 400 (a)” and “411
10 (b)””; and by inserting the following new sections:

11 “SEC. 201. DECLARATION OF PURPOSE.—The Con-
12 gress of the United States recognizes that the progress of free
13 peoples in their efforts to further their economic develop-
14 ment, and thus to strengthen their freedom, is important to
15 the security and general welfare of the United States. The
16 Congress further recognizes the necessity in some cases of
17 assistance to such peoples if they are to succeed in these
18 efforts. The Congress accordingly reaffirms that it is the
19 policy of the United States, and declares it to be the purpose
20 of this title, to assist, on a basis of self-help and mutual co-
21 operation, the efforts of free peoples to develop their eco-
22 nomic resources and to increase their productive capabilities.

23 “SEC. 202. GENERAL AUTHORITY.—(a) There is here-
24 by established a fund to be known as the ‘Development Loan

1 Fund' (hereinafter referred to in this title as 'the Fund') to
2 be used by the President to finance activities carried out pur-
3 suant to authority contained in this title.

4 " (b) To carry out the purposes of this title, the Presi-
5 dent is hereby authorized to make loans, credits, or guaran-
6 ties; or to engage in other financing operations or transactions
7 (not to include grants or direct purchases of equity securi-
8 ties), to or with such nations, organizations, persons or other
9 entities, and on such terms and conditions, as he may deter-
10 mine, taking into account (1) whether financing could be
11 obtained in whole or in part from other free world sources on
12 reasonable terms, (2) the economic and technical soundness
13 of the activity to be financed, and (3) whether the activity
14 gives reasonable promise of contributing to the development
15 of economic resources or to the increase of productive capaci-
16 ties in furtherance of the purposes of this title. Loans shall
17 be made from the Fund only on the basis of firm commit-
18 ments by the borrowers to make repayment and upon a find-
19 ing that there are reasonable prospects of such repayment.
20 The Fund shall be administered so as to support and encour-
21 age private investment and other private participation fur-
22 thering the purposes of this title, and it shall be administered
23 so as not to compete with private investment capital, the
24 Export-Import Bank or the International Bank for Recon-
25 struction and Development. The authority of section 401

1 (a) of this Act may not be used to waive the requirements of
 2 this title ~~or of the Mutual Defense Assistance Control Act of~~
 3 ~~1951 with respect to this title~~, nor may the authority of sec-
 4 tion 501 of this Act be used to increase or decrease the funds
 5 available under this title. ~~Guaranties under this subsection~~
 6 ~~shall be subject to the provisions of section 413 (b) (4), ex-~~
 7 ~~cept subparagraph (F) thereof.~~ *No guaranties of equity in-*
 8 *vestment against normal business-type risks shall be made*
 9 *available under this subsection.* ~~The administrator of the~~
 10 ~~Fund shall furnish to the Committee on Foreign Relations of~~
 11 ~~the Senate, to the Committee on Foreign Affairs of the~~
 12 ~~House of Representatives, and to the Committees on Appro-~~
 13 ~~priations of the Senate and House of Representatives, a~~
 14 ~~report on each financing operation or transaction involving~~
 15 ~~the Fund's assets. Such report shall be made at the time~~
 16 ~~such financing operation or transaction is consummated.~~
 17 *The Manager of the Fund shall furnish to the Committee on*
 18 *Foreign Relations or the Committee on Appropriations of the*
 19 *Senate or (in accordance with the Rules of the House of*
 20 *Representatives) to the Committee on Foreign Affairs or the*
 21 *Committee on Appropriations of the House of Representa-*
 22 *tives, upon request of the chairman of the Committee con-*
 23 *cerned, a report on any financing operation or transaction*
 24 *involving the assets of the Fund.*

1 “SEC. 203. CAPITALIZATION.—(a) There is hereby
2 authorized to be appropriated to the President without fiscal
3 year limitation, for advances to the Fund, not to exceed
4 \$500,000,000. In addition, unless disapproved in the ap-
5 propriation Act appropriating funds pursuant to the author-
6 ization contained in the preceding sentence, the Secretary
7 of the Treasury is authorized and directed to make, begin-
8 ning in the fiscal year 1959, loans to the Fund in amounts
9 needed to cover obligations incurred against the Fund. Ex-
10 cept as provided in section 204 (b) of this Act, the maxi-
11 mum amount of obligations incurred against the Fund during
12 the fiscal year 1958 shall be \$500,000,000, during the fiscal
13 year 1959 shall be ~~\$750,000,000~~ \$500,000,000, and during
14 the period beginning in the fiscal year 1960 shall be
15 ~~\$750,000,000~~ \$500,000,000; and any unused portion of the
16 maximum applicable to any period shall be added to the
17 maximum applicable to the succeeding period.

18 “(b) For purposes of the loans provided for in this
19 section, the Secretary of the Treasury is authorized to use
20 the proceeds of the sale of any securities issued under the
21 Second Liberty Bond Act as now in force or as hereafter
22 amended, and the purposes for which securities may be
23 issued under the Second Liberty Bond Act are hereby ex-
24 tended to include this purpose. The President shall deter-

1 mine the terms and conditions of any advances or loans made
2 to the Fund pursuant to this section.

3 “SEC. 204. FISCAL PROVISIONS.—(a) All receipts
4 from activities or transactions under this title shall be cred-
5 ited to the Fund and, notwithstanding section 1415 of the
6 Supplemental Appropriation Act, 1953, or any other pro-
7 vision of law relating to the use of foreign currencies or
8 other receipts accruing to the United States, shall be avail-
9 able for use for purposes of this title.

10 “(b) The President is authorized to incur, in accordance
11 with the provisions of this title, obligations against the Fund
12 in amounts which may not at any time exceed the assets
13 of the Fund. The amount of such obligations also may not
14 exceed the limitations specified in section 203 (a) of this
15 Act except that, to the extent that assets of the Fund other
16 than capitalization provided pursuant to section 203 (a)
17 are available, obligations may be incurred beyond such
18 limitations. Obligations incurred against the Fund which
19 are subsequently canceled shall not be counted for purposes
20 of the limitations on obligations specified in section 203 (a).
21 The term ‘assets of the Fund’ as used in this section shall
22 mean the amount of liquid assets of the Fund at any given
23 time including any amount of capitalization authorized pur-
24 suant to section 203 (a) of this Act which has not been

1 advanced or loaned to the Fund as of such time. The Fund
 2 shall be available without fiscal year limitation for any
 3 obligations or expenditures in connection with the perform-
 4 ance of functions under this title, including repayment of
 5 loans made to the Fund pursuant to section 203 (a) of this
 6 Act.

7 “(c) In the performance of and with respect to the
 8 functions, powers, and duties vested in him by this title, the
 9 President shall prepare annually and submit a budget pro-
 10 gram in accordance with the provisions of the Government
 11 Corporation Control Act, as amended; and he shall cause
 12 to be maintained an integral set of accounts which shall be
 13 audited by the General Accounting Office in accordance with
 14 principles and procedures applicable to commercial corporate
 15 transactions as provided by the Government Corporation
 16 Control Act, as amended, and no other audit shall be
 17 required.

18 “SEC. 205. POWERS AND AUTHORITIES.—~~In carrying~~
 19 ~~out the purposes of this title, any officer or agency of the~~
 20 ~~United States designated to exercise authorities provided~~
 21 ~~for hereunder may, in addition to other powers and authori-~~
 22 ~~ties provided to such officer or agency pursuant to this~~
 23 ~~Act or otherwise by law, and as the President may~~
 24 ~~direct:~~ (a) *In carrying out the purposes of this title, the*
 25 *President shall, by and with the advice and consent of the*

1 *Senate, appoint in the International Cooperation Admin-*
2 *istration of the Department of State a Manager of the Fund*
3 *to perform such functions with respect to this title as the*
4 *President may direct. The office of Manager of the Fund*
5 *shall be in addition to other offices provided for by law, and*
6 *the compensation for such office shall be at a rate not in*
7 *excess of \$19,000 a year.*

8 “(b) *The President shall also establish a Loan Com-*
9 *mittee, consisting of the Deputy Under Secretary of State*
10 *for Economic Affairs, who shall be chairman, the Director*
11 *of the International Cooperation Administration, and the*
12 *Chairman of the Board of Directors of the Export-Import*
13 *Bank, which shall, under the foreign policy guidance of the*
14 *Secretary of State, establish basic financial terms and con-*
15 *ditions for the operations and transactions of the Fund.*

16 “(c) *In carrying out his functions with respect to this*
17 *title, the Manager of the Fund may: enter into, perform, and*
18 *modify contracts, leases, agreements, or other transactions,*
19 *on such terms as may be deemed appropriate, with any*
20 *agency or instrumentality of the United States, with any*
21 *foreign government or foreign government agency, or with*
22 *any person, partnership, association, corporation, organiza-*
23 *tion, or other entity, public or private, singly or in combina-*
24 *tion; accept and use gifts or donations of services, funds,*
25 *or property (real, personal or mixed, tangible or intan-*

1 gible) ; contract for the services of attorneys; determine the
2 character of and necessity for obligations and expenditures
3 under this title, and the manner in which they shall be in-
4 curred, allowed, and paid, subject to provisions of law
5 specifically applicable to Government corporations; acquire
6 and dispose of, upon such terms and conditions and for
7 such consideration as ~~such officer or agency~~ *the Manager*
8 *of the Fund* shall determine to be reasonable, through pur-
9 chase, exchange, discount, rediscount, public or private sale,
10 negotiation, assignment, exercise of option or conversion
11 rights, or otherwise, for cash or credit, with or without en-
12 dorsement or guaranty, any property, real, personal, mixed,
13 tangible or intangible, including, but not limited to, mort-
14 gages, bonds, debentures (including convertible debentures) ,
15 liens, pledges, and other collateral or security, contracts,
16 claims, currencies, notes, drafts, checks, bills of exchange,
17 acceptances including bankers' acceptances, cable transfers
18 and all other evidences of indebtedness or ownership (pro-
19 vided that equity securities may not be directly purchased
20 although such securities may be acquired by other means
21 such as by exercise of conversion rights or through enforce-
22 ment of liens, pledges or otherwise to satisfy a previously
23 incurred indebtedness), and guarantee payment against any
24 instrument above specified; issue letters of credit and let-
25 ters of commitment; collect or compromise any obligations

1 assigned to or held by, and any legal or equitable rights
2 accruing to, ~~such officer or agency~~ *the Manager of the Fund*.
3 and, as ~~such officer or agency~~ *the Manager of the Fund* may
4 determine, refer any such obligations or rights to the At-
5 torney General for suit or collection; and otherwise take
6 any and all actions determined by ~~such officer or agency~~
7 *the Manager of the Fund* to be necessary or desirable in
8 making, carrying out, servicing, compromising, liquidating,
9 or otherwise dealing with or realizing on any transaction
10 or operation authorized by this title. ~~No officer~~ shall be des-
11 ignated to be the administrator of the Fund except by ap-
12 pointment by the President by and with the advice and
13 consent of the Senate. *The Export-Import Bank shall ad-*
14 *minister loans made from the Fund, as provided in section*
15 *505 (b) of this Act.*

16 "SEC. 206. ADVISORY LOAN COMMITTEE.—There is
17 hereby established an Advisory Loan Committee, referred to
18 in this section as the 'Committee', which shall advise and
19 consult with the President, or such officer as he may desig-
20 nate to administer the Fund, with respect to basic policy
21 matters arising in connection with the operations of the
22 Fund and with respect to each new obligation against the
23 Fund in excess of \$10,000,000. The Committee shall con-
24 sist of the Deputy Undersecretary of State for Economic
25 Affairs, the Chairman of the International Development

1 Advisory Board acting in his individual capacity, the
 2 administrator of the Fund, and representatives designated
 3 by the President from the Export-Import Bank, the De-
 4 partment of Agriculture, the Department of Commerce, the
 5 United States representation in the International Bank for
 6 Reconstruction and Development, and such other repre-
 7 sentatives of Government agencies as the President shall
 8 deem necessary to insure proper coordination of the Fund's
 9 activities with the activities of other sources of capital which
 10 flows abroad. The Deputy Undersecretary of State for
 11 Economic Affairs shall be Chairman, and the administrator
 12 of the Fund shall be Vice Chairman, of the Committee.
 13 The administrator of the Fund shall furnish to the Com-
 14 mittee all necessary information to enable the Committee to
 15 form a judgment with respect to the subjects referred to in
 16 the first sentence of this section. If the administrator of
 17 the Fund follows a course contrary to the advice of a
 18 majority of the Committee with respect to any such subject,
 19 he shall furnish to the Committee and to the Committee on
 20 Foreign Relations of the Senate and the Committee on
 21 Foreign Affairs of the House of Representatives a state-
 22 ment of his reasons for doing so."

23 "SEC. 206. NATIONAL ADVISORY COUNCIL.—The
 24 Fund shall be administered subject to the applicable provi-
 25 sions of section 4 of the Bretton Woods Agreements Act (22

1 *U. S. C. 286b) with respect to the functions of the National*
2 *Advisory Council on International Monetary and Financial*
3 *Problems."*

4 SEC. 7. Title III of the Mutual Security Act of 1954,
5 as amended, which relates to technical cooperation, is further
6 amended as follows:

7 (a) In section 304, which relates to authorization,
8 strike out subsections (a) and (b) and substitute the follow-
9 ing: "There is hereby authorized to be appropriated to the
10 President ~~for the fiscal year 1958~~ *to remain available until*
11 *expended* not to exceed \$151,900,000 to carry out the pur-
12 poses of this title."

13 (b) Amend section 306, which relates to multilateral
14 technical cooperation, as follows:

15 (1) Strike out the text of subsection (a) and substitute
16 the following:

17 "\$15,500,000 for the fiscal year 1958 for contributions
18 to the United Nations Expanded Program of Technical As-
19 sistance: *Provided*, That, notwithstanding the limitation of
20 33.33 per centum contained in the Mutual Security Appro-
21 priation Act, 1957, the United States contribution to this
22 program may constitute for the calendar year 1958 as much
23 as but not to exceed 45 per centum of the total amount con-
24 tributed to the program for that period, for the calendar

1 year 1959 as much as but not to exceed 38 per centum of
 2 the total amount contributed to the program for that period,
 3 and for the calendar year 1960 as much as but not to ex-
 4 ceed 33.33 per centum of the total amount contributed to
 5 the program for that period.”.

6 (2) Strike out the text of subsection (b) and substitute
 7 the following:

8 “\$1,500,000 for the fiscal year 1958 for contributions
 9 to the technical cooperation program of the Organization of
 10 American States.”.

11 SEC. 8. Title IV of the Mutual Security Act of 1954,
 12 as amended, which relates to other programs, is further
 13 amended as follows:

14 (a) Insert before section 401 the following new section:

15 “SEC. 400. SPECIAL ASSISTANCE.—(a) There is
 16 hereby authorized to be appropriated to the President for the
 17 fiscal year 1958 not to exceed ~~\$250,000,000~~ \$275,000,000
 18 for use on such terms and conditions as he may specify for
 19 assistance designed to maintain or promote ~~political or~~
 20 ~~economic~~ *freedom and* stability or for assistance in accordance
 21 with the provisions of this Act applicable to the furnishing
 22 of assistance under title I, section 304, section 405, or section
 23 407 of this Act. \$100,000,000 of the funds authorized to
 24 be appropriated pursuant to this section for any fiscal year

1 may be used in such year in accordance with the provisions
2 of section 401 (a) .

3 “(b) For the purpose of promoting economic develop-
4 ment in Latin America there is hereby authorized to be ap-
5 propriated to the President not to exceed \$25,000,000, which
6 shall remain available until expended, and in the utilization
7 of such sum preference shall be given to (A) projects or pro-
8 grams that will clearly contribute to promoting health, educa-
9 tion, and sanitation in the area as a whole or among a
10 group or groups of countries of the area, (B) joint health,
11 education, and sanitation assistance programs undertaken by
12 members of the Organization of American States, and (C)
13 such land resettlement programs as will contribute to the
14 resettlement of foreign and native migrants in the area as a
15 whole, or in any country of the area, for the purpose of
16 advancing economic development and agricultural and in-
17 dustrial productivity: *Provided*, That assistance under this
18 sentence shall emphasize loans rather than grants wherever
19 possible, and not less than 90 per centum of the funds made
20 available for assistance under this subsection shall be avail-
21 able only for furnishing assistance on terms of repayment
22 in accordance with the provisions of section 505.

23 “(c) The President is authorized to use not to exceed
24 \$10,000,000 of funds appropriated pursuant to subsection
25 (a) of this section for assistance, on such terms and condi-

1 tions as he may specify, to schools and libraries abroad,
2 founded or sponsored by citizens of the United States, and
3 serving as study and demonstration centers for ideas and
4 practices of the United States, notwithstanding any other
5 Act authorizing assistance of this kind. Further, in addi-
6 tion to the authority contained in this subsection, it is the
7 sense of Congress that the President should make a special
8 and particular effort to utilize foreign currencies accruing
9 under title I of the Agricultural Trade Development and
10 Assistance Act of 1954, as amended, for the purposes of this
11 subsection."

12 (b) Amend section 401, which relates to special fund,
13 as follows:

14 (1) Strike out the title of this section and substitute
15 "PRESIDENT'S SPECIAL AUTHORITY".

16 (2) In subsection (a), strike out "to be appropriated
17 under subsection (b) hereof" in the first sentence and sub-
18 stitute "for such use by section 400 (a) of this Act";
19 before ", in furtherance of" in the first sentence, insert "or
20 any Act appropriating funds pursuant to authorizations con-
21 tained in this Act".

22 (3) Strike out subsection (b).

23 (4) Redesignate subsection "(c)" as subsection "(b)".

24 (c) In section 402, which relates to earmarking of
25 funds, strike out all preceding "shall be used" in the first

1 sentence and substitute “Of the funds authorized to be made
2 available in the fiscal year 1958 pursuant to this Act (other
3 than funds made available pursuant to title II), not less
4 than ~~\$200,000,000~~ \$150,000,000”.

5 (d) Amend section 403, which relates to special assist-
6 ance in joint control areas, as follows:

7 (1) In subsection (a), strike out the subsection desig-
8 nation “(a)”; and in the second sentence strike out all
9 following “the President” and substitute “for the fiscal year
10 1958 not to exceed \$11,500,000 to carry out this section.”.

11 (2) Strike out subsection (b).

12 (e) Amend section 405, which relates to migrants,
13 refugees, and escapees, as follows:

14 (1) In subsection (a), strike out the words between
15 “appropriated” and “such amounts”; and strike out the
16 last sentence.

17 (2) In subsection (c), strike out the words between
18 “appropriated” and “for contributions” and substitute “for
19 the fiscal year 1958 not to exceed \$2,233,000”.

20 (3) In subsection (d), strike out the words between
21 “President” and “for continuation” and substitute “for the
22 fiscal year 1958 not to exceed \$5,500,000”.

23 (f) Amend section 406, which relates to children’s
24 welfare, as follows:

25 (1) In subsection (a), strike out the subsection desig-

1 nation “(a)” ; and strike out all following “exceed” and
2 substitute “\$11,000,000 for the fiscal year 1958 for con-
3 tributions to the United Nations Children’s Fund.”.

4 (2) Strike out subsection (b) .

5 (g) In section 407, which relates to Palestine refugees
6 in the Near East, strike out the first two sentences in sub-
7 section (a) and substitute in lieu thereof the text of the
8 present subsection (b) with the addition of the following sen-
9 tence: “In determining whether or not to continue furnish-
10 ing assistance for Palestine refugees in the Near East, the
11 President shall take into account whether Israel and the
12 Arab host governments are taking steps toward the resettle-
13 ment and repatriation of such refugees.” ; strike out the sub-
14 section designation “(a)” ; and strike out subsection (b) .

15 (h) In section 408, which relates to the North Atlantic
16 Treaty Organization, strike out in subsection (a) the words
17 between “appropriated” and “such amounts” .

18 (i) Amend section 409, which relates to ocean freight
19 charges, as follows:

20 (1) Strike out the text of subsection (c) and substitute
21 “There is hereby authorized to be appropriated to the Presi-
22 dent for the fiscal year 1958 not to exceed \$2,200,000 to
23 carry out the purposes of this section.” .

24 (2) In subsection (d) , strike out all preceding “to pay”
25 in the first sentence and substitute “In addition, any funds

1 made available under this Act may be used, in amounts de-
2 termined by the President,"; and strike out the second
3 sentence.

4 (j) In section 410, which relates to Control Act ex-
5 penses, strike out the words between "President" and "for
6 carrying out" in the first sentence and substitute "for the
7 fiscal year 1958 not to exceed \$1,000,000".

8 (k) Amend section 411, which relates to administra-
9 tive and other expenses, as follows:

10 (1) In subsection (b), strike out the words between
11 "President" and "for necessary" and substitute "for the fiscal
12 year 1958 not to exceed \$33,000,000"; strike out "and
13 section 124"; and before the period at the end of the sub-
14 section, insert "and functions under the Agricultural Trade
15 Development and Assistance Act of 1954, as amended (7
16 U. S. C. 1691 and the following) performed by any agency
17 or officer administering nonmilitary assistance".

18 (2) Strike out subsection (c), and redesignate subsec-
19 tions "(d)" and "(e)" as subsections "(c)" and "(d)",
20 respectively.

21 (l) Repeal section 412, which relates to Chinese and
22 Korean students.

23 (m) At the end of section 416, which relates to
24 facilitation and encouragement of travel, add the following:
25 "To this end, under the direction of the President, the De-

1 partments of State and Commerce, the agency primarily
2 responsible for administering nonmilitary assistance under
3 this Act and such other agencies of the Government as the
4 President shall deem appropriate, in cooperation to the
5 fullest extent practicable with private enterprise concerned
6 with international travel, shall conduct a study of barriers to
7 international travel and ways and means of promoting, de-
8 veloping, encouraging, and facilitating such travel in the
9 mutual interests of the United States and countries assisted
10 under this Act.”

11 (n) Repeal sections 419 and 421, relating, respectively,
12 to World Health Organization and Food and Agriculture
13 Organization, which repeals shall not be deemed to affect
14 amendments contained in such sections to Acts other than
15 the Mutual Security Act of 1954, as amended; and add the
16 following new sections:

17 “SEC. 419. ATOMS FOR PEACE.—(a) The President is
18 hereby authorized to furnish from funds made available pur-
19 suant to this section, in addition to other funds available for
20 such purposes, and on such terms and conditions as he may
21 specify, assistance designed to promote the peaceful uses of
22 atomic energy abroad. There is hereby authorized to be
23 appropriated to the President for the fiscal year 1958 not to
24 exceed \$7,000,000 to carry out the purposes of this section.

25 “(b) The United States’ share of the cost of any re-

1 search reactor made available to another government under
2 this section shall not exceed \$350,000.

3 “(c) In carrying out the purposes of this section, the
4 appropriate United States departments and agencies shall
5 give full and continuous publicity through the press, radio,
6 and all other available mediums, so as to inform the peoples
7 of the participating countries regarding the assistance, in-
8 cluding its purpose, source, and character, furnished by the
9 United States. Such portions of any research reactor fur-
10 nished under this section as may be appropriately die-
11 stamped or labeled as a product of the United States shall
12 be so stamped or labeled: *Provided, That funds made avail-*
13 *able under this section shall not be expended in any country*
14 *which fails to agree to inspection from time to time by the*
15 *Government of the United States of any facilities constructed*
16 *in whole or in part under the provisions of this section.*

17 “SEC. 420. MALARIA ERADICATION.—The Congress of
18 the United States, recognizing that the disease of malaria,
19 because of its widespread prevalence, debilitating effects,
20 and heavy toll in human life, constitutes a major deterrent
21 to the efforts of many peoples to develop their economic
22 resources and productive capacities and to improve their
23 living conditions, and further recognizing that it now ap-
24 pears technically feasible to eradicate this disease, declares
25 it to be the policy of the United States and the purpose of

1 this section to assist other peoples in their efforts to eradi-
2 cate malaria. The President is hereby authorized to furnish
3 to such nations, organizations, persons or other entities as
4 he may determine, and on such terms and conditions as he
5 may specify, financial and other assistance to carry out the
6 purpose of this section. ~~Not to exceed \$23,300,000 of the~~
7 ~~funds made available pursuant to authorizations contained in~~
8 ~~this Act (other than title I, chapter 1, and title II)~~ may be
9 used during the fiscal year 1958 to carry out the purpose
10 of this section."

11 SEC. 9. Title V, chapter 1, of the Mutual Security Act
12 of 1954, as amended, which relates to general provisions, is
13 further amended as follows:

14 (a) Amend section 503, which relates to termination
15 of assistance, as follows:

16 (1) Strike out the subsection designation "(a)"; and
17 in the last sentence of subsection (a) strike out "subsection"
18 and substitute "section".

19 (2) Strike out subsection (b).

20 (b) In section 504 (a), which relates to small business,
21 strike out "chapters 2 and" and substitute "chapter".

22 (c) Amend section 505, which relates to loan assistance
23 and sales, as follows:

24 (1) In subsection (a), strike out "Assistance" in the
25 first sentence and substitute "Except as otherwise specifically

1 provided in this Act, assistance”; and after “commodities”
2 both times it appears in the second sentence, insert “, equip-
3 ment, materials,”.

4 (2) In subsection (b), strike out the first sentence; and
5 strike out “shall” both times it appears in the second sen-
6 tence and substitute “may”.

7 (d) In section 509, which relates to shipping on United
8 States vessels, strike out the first sentence.

9 (e) In section 511 (c), which relates to retention and
10 return of equipment, after “materials” the first time it ap-
11 pears, insert “on a grant basis”; and strike out “(other than
12 equipment or materials sold under the provisions of section
13 106) ”.

14 (f) In section 513, which relates to notice to legislative
15 committees, after “Act” the second time it appears in the
16 first sentence, insert “or Acts appropriating funds pursuant
17 to authorizations contained in this Act”.

18 SEC. 10. Title V, chapter 2, of the Mutual Security Act
19 of 1954, as amended, which relates to organization and ad-
20 ministration, is further amended as follows:

21 (a) In section 521, add the following new subsection:

22 “(c) The President shall continue to exercise the powers
23 conferred on him under chapter 3 of title I, relating to
24 defense support, only through the Secretary of State and his
25 subordinates.”

1 (b) In section 523, add the following new subsection:

2 “(c) Under the direction of the President, the Secretary
3 of State shall:

4 “(1) coordinate the various forms of assistance
5 authorized by this Act so that the foreign policies of the
6 United States may be best served thereby; and

7 “(2) determine the value of the program under
8 chapter 1 of title I for any country.”

9 (c) In section 524 (b), strike out the second sentence.

10 (d) In section 525, strike out the first sentence.

11 (e) In section 527 (c), which relates to employment of
12 personnel, after “shall be entitled” in paragraph (1), insert
13 “, except to the extent that the President may specify other-
14 wise in cases in which the period of the employment or as-
15 signment exceeds ~~two years~~ *thirty months*,”; and before the
16 period at the end of paragraph (2), insert “: *Provided,*
17 *however,* That the President may by regulation make excep-
18 tions to the application of section 528 in cases in which the
19 period of the appointment or assignment exceeds ~~two years~~
20 *thirty months*”.

21 (f) In section 534, which relates to reports, after “504,”,
22 insert “202, 400, 416,”.

23 (g) In section 535 (b), which relates to cooperation
24 with nations and international organizations, before “in fur-
25 therance of” in the first sentence insert “consistent with

1 and"; and before "nations" where it appears for the first
2 time in the first sentence insert "free".

3 (h) Amend section 537, which relates to provisions on
4 uses of funds, as follows:

5 (1) In the opening clause of subsection (a), within
6 the parentheses, strike out "and section 124".

7 (2) In subsection (a), paragraph (1), strike out
8 "1957" and substitute "1958".

9 (3) Amend the text of subsection (a), paragraph
10 (10), to read "rental or lease outside the continental limits
11 of the United States of offices, buildings, grounds, and
12 living quarters to house personnel; maintenance, furnishings,
13 necessary repairs, improvements, and alterations to proper-
14 ties owned or rented by the United States Government
15 abroad; and costs of fuel, water, and utilities for such
16 properties;"

17 (4) In subsection (a), paragraph (17), strike out
18 "or" preceding "(iii)"; and after "another", insert " , (iv)
19 when he is temporarily absent from his post under orders.
20 or (v) when through no fault of the employee storage costs
21 are incurred on such furniture and effects (including auto-
22 mobiles), in connection with authorized travel".

23 (5) In subsection (c), strike out "\$12,000,000" and
24 insert "\$18,000,000"; and strike out "in the fiscal year
25 1957".

1 (6) Add the following new subsection:

2 “(e) Funds available under this Act may be used to
3 pay costs of training United States citizen personnel em-
4 ployed or assigned pursuant to section 527 (c) (2) of this
5 Act (through interchange or otherwise) at any State or
6 local unit of government, public or private nonprofit in-
7 stitution, trade, labor, agricultural, or scientific association
8 or organization, or commercial firm; and the provisions of
9 Public Law 918, Eighty-fourth Congress, may be used to
10 carry out the foregoing authority notwithstanding that in-
11 terchange of personnel may not be involved or that the train-
12 ing may not take place at the institutions specified in that
13 Act. Such training shall not be considered employment or
14 holding of office under title 5, United States Code, section
15 62, and any payments or contributions in connection there-
16 with may, as deemed appropriate by the head of the United
17 States Government agency authorizing such training, be
18 made by private or public sources and be accepted by any
19 trainee, or may be accepted by and credited to the current
20 applicable appropriation of such agency: *Provided, how-*
21 *ever,* That any such payments to an employee in the nature
22 of compensation shall be in lieu of or in reduction of com-
23 pensation received from the Government of the United
24 States.”

25 SEC. 11. Title V, chapter 3, of the Mutual Security Act

1 of 1954, as amended, which relates to repeal and miscella-
2 neous provisions, is further amended as follows:

3 (a) In section 543, relating to saving provisions, insert
4 the following new subsections:

5 “(d) Funds appropriated pursuant to provisions of this
6 Act repealed by the Mutual Security Act of 1956 or the
7 Mutual Security Act of 1957 shall remain available for their
8 original purposes in accordance with the provisions of law
9 originally applicable thereto. References in any Act to pro-
10 visions of this Act repealed or stricken out by the Mutual
11 Security Act of 1957 are hereby stricken out; and references
12 in any Act to provisions of this Act redesignated by the
13 Mutual Security Act of 1957 are hereby amended to refer
14 to the new designations.”

15 (b) Amend section 544, which relates to amendments
16 to other laws, as follows:

17 (1) Repeal subsections (a), (c), (d), (e), (f), (g),
18 (h), and (i), which repeals shall not be deemed to affect
19 amendments contained in such subsections to Acts other
20 than the Mutual Security Act of 1954, as amended; and
21 redesignate subsection “(b)” as subsection “(a)”.

22 (2) Add the following new subsections:

23 “(b) Public Law 174, Seventy-ninth Congress, as
24 amended, is hereby further amended by striking out ‘31.5’
25 in the proviso at the end of section 2 and inserting ‘33.33’.

1 “(c) Section 104 (h) of the Agricultural Trade De-
 2 velopment and Assistance Act of 1954, as amended (Public
 3 Law 480, Eighty-third Congress; 7 U. S. C. 1704) is
 4 amended by changing the period at the end thereof to a
 5 comma and adding: ‘such special and particular effort to
 6 include the setting aside of such amounts from sale proceeds
 7 and loan repayments under this title, not in excess of
 8 \$1,000,000 a year in any one country for a period of not
 9 more than five years in advance, as may be determined by
 10 the Secretary of State to be required for the purposes of
 11 this subsection;’.”

12 (c) In section 546 (b), relating to construction, strike
 13 out “Atomic Energy Act of 1946, as amended (42 U. S. C.
 14 1801)” and substitute “Atomic Energy Act of 1954, as
 15 amended (42 U. S. C. 2011)”.

16 (d) Repeal section 547, which relates to reduction of
 17 authorizations.

18 (e) In section 549, relating to special provision on
 19 availability of funds, strike out “chapter 3 of title I,” and
 20 strike out the comma following “title III”.

21 (f) *Add a new section as follows:*

22 “SEC. 550. RESTRICTION ON ASSISTANCE.—Notwith-
 23 standing any other provision of this Act, all assistance fur-
 24 nished and all loans made pursuant to the provisions of this

85TH CONGRESS
1ST SESSION

S. 2130

[Report No. 776]

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 17, 1957

Referred to the Committee on Foreign Affairs

JULY 9, 1957

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 12, 1957

For actions of July 11, 1957

85th-1st, No. 121

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Sen. Williams and others commended Secretary for curtailing loans for poultry expansion. House Rules Committee cleared mutual security authorization bill.

SENATE

1. POULTRY; FARM LOANS. Sens. Williams, Bush, Butler, Cotton, and Allott commended the Secretary for his action in seeking to restrain credit that would result in expansion of the poultry industry. pp. 10182-3
2. MINING. The Interior and Insular Affairs Committee reported with amendments S. 2039, to clarify the definition of labor required to be performed to hold unpatented mining claims on Federal lands (S. Rept. 608). p. 10175
3. WEATHER CONTROL. The Interstate and Foreign Commerce Committee reported with amendments S. 86, to provide for a research program in cloud modification (S. Rept. 607). p. 10175
4. APPROPRIATIONS. Sen. Johnson urged larger appropriations for public works and water development projects, comparing the total cost of water resource development in U.S. history (\$17 billion) with the expenditure of \$60 billion for foreign aid since World War II ended. pp. 10186-7
5. PROPERTY; RECORDS. The Reorganization subcommittee of the Government Operations Committee ordered reported to the full committee the following bills: (p. D640)
Without amendment, S. 2231, to permit the exercise of options in certain leases of Government property;

Without amendment, S. 2283, to authorize an administrative operations fund in GSA;

Without amendment, S. 2177, to authorize the destruction of Government records overseas in certain cases; and

With amendment, S. 2224, to require advertisements for bids before disposing of surplus property, with certain exceptions.

6. BUDGET. Sen. Johnson inserted a table showing reductions of \$4 billion in the budget, with "ample room for further reductions," and asserted that the Mutual Security appropriation, even lower than the authorization, would reduce the budget substantially further. p. 10175
7. AREA DEVELOPMENT. Sen. Kennedy urged passage of S. 964, the area development bill, to aid communities not sharing in the national prosperity. p. 10186
8. FISCAL POLICY. Sen. Humphrey inserted an article, "Where Tight Money Is Really Taking Hold," on the effects of the credit squeeze on business. pp. 10191-2
9. ELECTRIFICATION. Sens. Javits, Johnson, Knowland, Lausche, Morse, and Clark discussed the disposition of S. 2406, to authorize development of Niagara River power, and Sen. Javits inserted two editorials urging immediate consideration of the bill (pp. 10179-80, 10184-6). This bill remained the pending business of the Senate (p. 10184).

Sen. Neuberger urged the President to see the advocates of Hells Canyon dam as he did those opposing the civil rights bill. p. 10180

HOUSE

10. FARM LOANS. Agreed to a resolution for consideration of H.R. 3753, to permit the Farmers' Home Administration to make loans under the Bankhead-Jones Farm Tenant Act and the Water Facilities Act to desert-land entrymen on the same terms as such loans are now made to homestead entrymen or those who have contracted for the purchase of farmlands in a reclamation project. pp. 10249-51
11. FOREIGN AID. The Rules Committee reported a resolution for consideration of S. 2130, the mutual security authorization bill for 1953. p. 10308
12. PROPERTY. The Veterans' Affairs Committee reported without amendment H.R. 2237, to authorize the transfer of certain property of the VA to the Johnson City, Tenn., National Farm Loan Assoc. and the East Tennessee Production Credit Assoc., local units of the Farm Credit Administration (H. Rept. 791). p. 10308
13. BUILDINGS. A subcommittee of the Public Works Committee ordered reported with amendment H.R. 4660, to repeal the Public Buildings Purchase Contract Act of 1954, and to require certain distribution and approval of new public building projects. p. D642
14. FOOD ADDITIVES. Rep. Osmer spoke in favor of the passage of legislation for more adequate testing of chemical additives in foods, stating that "inadequately tested chemical food additives is greater than the dangers from atomic fallout." pp. 10292-93

CONSIDERATION OF S. 2130

JULY 11, 1957.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 313]

The Committee on Rules, having had under consideration House Resolution 313, report the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 91

85TH CONGRESS
1ST SESSION

H. RES. 313

[Report No. 804]

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 1957

Mr. O'NEILL, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (S. 2130) to amend
5 further the Mutual Security Act of 1954, as amended, and
6 for other purposes, and all points of order against said bill
7 are hereby waived. After general debate, which shall be
8 confined to the bill and continue not to exceed seven hours,
9 to be equally divided and controlled by the chairman and
10 ranking minority member of the Committee on Foreign Af-
11 fairs, the bill shall be read for amendment under the five-
12 minute rule. At the conclusion of the consideration of the

1 bill for amendment, the Committee shall rise and report the
2 bill to the House with such amendments as may have been
3 adopted, and the previous question shall be considered as
4 ordered on the bill and amendments thereto to final passage
5 without intervening motion except one motion to recommit.

House Calendar No. 91

85TH CONGRESS
1ST SESSION

H. RES. 313

[Report No. 804]

RESOLUTION

Providing for the consideration of S. 2130, a
bill to amend further the Mutual Security
Act of 1954, as amended, and for other pur-
poses.

By Mr. O'NEILL

JULY 11, 1957

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 16, 1957
For actions of July 15, 1957
85th-1st, No. 124

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HIGHLIGHTS: House committee reported bill to exempt from quotas certain wheat used on farm where produced. House passed compulsory poultry inspection bill. House passed bill to remove green peanuts from marketing penalties. House debated mutual security authorization bill. Sen. Morse criticized REA reductions. Rep. Staggers criticized Department's proposed changes in ACP programs. Rep. Avery commended Ass't Secretary Peterson's leadership in soil and water conservation programs. Rep. Hiestand introduced and discussed bill for greater coordination of Federal loan programs and fiscal and credit policies.

HOUSE

1. POULTRY. Passed with amendment, under suspension of the rules, S. 1747, to provide for the compulsory inspection of poultry and poultry products by this Department. This bill will now be returned to the Senate for consideration of the amendment to the bill. (This bill replaces a similar bill, H.R. 6814, passed by the House on July 9. See Digest 119). pp. 10577-83
2. PEANUTS. Passed as reported H.R. 6570, to amend the Agricultural Adjustment Act of 1938 so as to remove green peanuts from the marketing penalty provisions. p. 10568
3. WHEAT. The Agriculture Committee reported without amendment H.R. 8456, to exempt certain wheat producers from liability where all the wheat crop is fed or used for seed or food on the farm. p. 10637
4. FOREIGN AID. Began debate on S. 2130, the mutual security authorization bill, after adopting a resolution waiving all points of order against the bill. pp. 10593-615, 10627-36
5. MEATS. Passed over, on objections by Reps. Weaver, Byrnes, Wisc., and Marshall, H.R. 7244, to permit deductions for a self-help meat promotion program. p. 10568

6. BUDGETING. Passed over, on objections by Reps. Bow, Brown, Ohio, and Ford, H.R. 6900, to amend the Reorganization Act of 1946 so as to enable the Comptroller General to assist the Appropriations Committees in considering the budget. p. 10563
Passed over, on objections by Reps. Ford, Taber, and Horan, H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. p. 10568
7. OLEOMARGARINE. Passed over, on objection by Rep. Byrnes, Wisc., H.R. 912, to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine. p. 10569
8. PUBLIC LANDS. Passed over, on objection by Rep. Heselton, H.R. 8054, to provide for the leasing of oil and gas deposits in lands beneath inland navigable waters in Alaska. pp. 10572-73
9. RECLAMATION. Passed without amendment S. 977, to suspend and modify the application of the excess land provision of the Federal reclamation laws to lands in the E. Bench unit of the Mo. River Basin project. A similar bill, H.R. 4410, was laid on the table. (p. 10574) This bill will now be sent to the President.
The Interior and Insular Affairs Committee reported with amendment, S. 1482, to amend the Columbia Basin Project Act so as to increase the limitation on the acreage one family might have of irrigated land (H. Rept. 810). p. 10637
10. CIVIL DEFENSE. Passed without amendment H.R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program. pp. 10583-90
11. NATURAL RESOURCES. Rep. Pfof inserted a newspaper editorial discussing the natural resource policies of the Administration for the development of the resources of U.S. as compared with expenditures for the development of the resources of foreign countries. pp. 10620-21
12. PERSONNEL. Rep. Staggers spoke in favor of pay raises for Federal employees. pp. 10626-27

SENATE

13. ELECTRIFICATION. Sen. Morse criticized private electric utilities and charged they were trying to cripple REA programs. He urged an expanded REA program to aid in full development of rural areas. pp. 10563-4
S. 2406, to authorize construction of improvement works on the Niagara River, remained the Senate's pending business. p. 10515
14. FORESTRY. The Senate concurred in the House amendment to S. 44, to authorize the Secretary to exchange lands in the Apache National Forest, N.M. This bill will now be sent to the President. p. 10559
Sen. Humphrey inserted an editorial urging enactment of S. 1176, to establish a national wilderness preservation system. pp. 10488-9
15. WATER CONSERVATION. Sen. Watkins announced the first water flow in the Weber Basin Water Conservancy District and explained the history of the project. pp. 10513-14

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the Secretary of the Interior is authorized and directed to grant the Memorial Association of the Second Infantry Division, United States Army, permission to erect on public grounds of the United States in the city of Washington, District of Columbia, adjacent to the monument to the dead of the Second Infantry Division, American Expeditionary Forces in World War I, a monument to the dead of the Second Infantry Division, United States Forces in World War II and the Korean conflict; the site chosen and the design of the monument and pedestal shall be approved by the Joint Committee of Congress on the Library with the advice and recommendations of the National Commission of Fine Arts, and the United States shall be put to no expense in or by the erection of this memorial.

With the following committee amendment:

Page 1, line 4, strike out "Association" and insert "Committee."

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MUTUAL SECURITY ACT OF 1957

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 313 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 7 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. DAVIS of Tennessee. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 143]

Anderson,	Becker	Brooks, La.
Mont.	Berry	Buckley
Barden	Blatnik	Celler
Bass, N. H.	Bolling	Chenoweth
Beamer	Bowler	Coudert

Cretella
Dawson, Ill.
Delaney
Dennison
Diggs
Fasell
Fogarty
Grant
Gwinn
Holtzman
Jarman

Kearney
Kearns
Knutson
Latham
Lesinski
Moulder
Mumma
Osmers
Porter
Powell
Prouty

Reed
Sadlak
Scott, Pa.
Shelley
Spence
Springer
Teller
Thornberry
Wainwright
Wharton
Withrow

The SPEAKER. On this rollcall 378 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Illinois [Mr. ALLEN] and at this time I yield myself such time as I may use.

Mr. Speaker, House Resolution 313 provides for the consideration of the bill (S. 2130) to further amend the Mutual Security Act of 1954. The resolution provides for an open rule, the waiving of points of order and 7 hours of general debate on the bill.

The bill as amended provides for authorization of \$3,262,110,000 for foreign aid considered to be necessary for the security of the United States. This sum is a reduction of \$375 million below the Senate bill and a reduction of \$622 million below the fiscal year 1958 request by the President and the executive branch.

Mr. Speaker, I know that during the course of this year there has been a hue and cry for economy within our various budgets. Having read various articles in Reader's Digest and other national magazines and having read reports of the tremendous amount of waste that has been going on in the mutual security programs, at times I have vowed that when the program came on the floor of the Congress I was going to be one who would help scuttle it.

But, after you review the record that has been made of mutual security through the years and you calm your nerves and you look over the matter before you, and you go over the presentations that have been made before the various committees, one has to take into consideration the tremendous advantages and the good that the mutual security program has done over the course of years. For example, without mutual security, we never would have had NATO. Let us look at what NATO has done during the past 8 years. We have put \$17 million into NATO, but the countries that belong to NATO have put in \$107 million themselves. Through the \$17 million we helped to develop and equip the free-world strength of 200 divisions of friendly military forces. They have 27,000 aircraft and they operate about 2,500 active combatant naval vessels.

Then, when you look over the program through the years you realize that without mutual-security Turkey today would be in the hands of the Communists and that Vietnam and southeast Asia would be in the hands of the Communists and that Korea and free China would be

in the hands of the Communists. We know the problem that is arising in the Mideast today and how they need our aid and how they need our support. We have no doubt about the intentions of the Russians and how they feel about the free nations of the world today. We saw the uprisings in Hungary last year. We saw how a people wanted to be free, how they sacrificed thousands of lives in the revolution over there, and how the revolution was put down by the tanks of Russia itself coming in and marching against the people, one of their satellite nations.

So, consequently, Mr. Speaker. I feel even though I have been disgusted in the past, knowing what has happened in the operation in Iran, knowing what has happened in the operation in Korea, knowing what has happened in various instances, I still feel that I must be in favor of this bill, because I know of the overall good that it has done.

Reading from the President's mutual-security program, he says:

To millions of people close to the Soviet and Chinese Communist borders political freedom is still new. To many it must still prove its worth. To survive, it must show the way to another and equally essential freedom—freedom from the poverty and hopelessness in which these peoples have lived for centuries. With their new freedom, their desire, and their determination to develop their economies are intense. They are fixed upon raising their standards of living. Yet they lack sufficient resources. Their need for help is desperate—both for technical know-how and capital.

Mr. Speaker, I have talked to people who have visited various sections of the world working for the State Department. I asked some of them how things happened like the dam in Iran and how the United States Government can waste \$21 million in Korea on a fertilizer plant, and why we have made the other mistakes throughout the world that we are making.

The results of my inquiries were these: I am informed that one of the grossest mistakes the State Department makes is the manner of the people they send abroad. For example, if a man has worked in the State Department for 8 or 10, or 12 years, he is now grade 10 or grade 12, or grade 8, and he cannot get a further promotion, and he is informed that the only way he can get a promotion is to go overseas for 2 years. So we send a man, who because of his own ability cannot rise among the level of his fellow employees, over to help organize a highly technical program in another section of the world. I think it is wrong. I think it is the greatest mistake that the State Department is making.

What is happening on the other hand? We know, and the record shows, that in the past 5 years—and mostly in the last 3 years—Russia has given \$1.2 billion economic aid to these countries along the border. What type of technical assistance do they send? Let us look at the problem as we face it at home today. We know that we do not have enough engineers, we know we do not have enough scientists to take care of our own plants in America. So how are we going to get able and efficient men to go

abroad? But in Russia it is different. Russia will take a man and indoctrinate him in the ways of the country where he is to go. They say to him, "You are going to X country. You will learn the language. You will learn their mode of living." Regardless of the scientist or technician, he is sent to that country.

In many instances they are happy to go to the other country, where they will find, perhaps, a finer livelihood than they could find in their home country.

Let me get on to the bill itself.

I

The bill as reported by the Foreign Affairs Committee contains four major authorizations of funds.

The first is for \$2,200 million for a category known as "defense assistance," which, in turn, is composed of \$1,500 million for military assistance and \$700 million for defense support. The President requested \$2,800 million for this category of defense assistance; the Senate bill authorizes \$2,600 million, so that the bill as reported out by the House Foreign Affairs Committee is a reduction of \$600 million from that requested by the President and a reduction of \$400 million from that authorized by the Senate.

The second major category in the mutual-security program is new: The development loan fund, which authorizes an appropriation of \$500 million for 1958 and provides for authority to borrow additional capital from the Treasury to the extent of \$500 million in each of the fiscal years 1959 and 1960. The President requested \$750 million in borrowing authority for each of these latter 2 years. This request was approved by the Senate but has been reduced by the Foreign Affairs Committee by one-third to the recommended amount of \$500 million in each of those 2 years.

The third major category is the technical cooperation category for which \$168,900,000 is authorized. This consists of three parts: The point 4 program of \$151,900,000; the contribution to the United National Technical Assistance program, and one to the Organization of American States.

The fourth category in the bill is special assistance. The President requested \$300 million for this category. The Senate authorized \$250 million, and the House Foreign Affairs Committee proposes an authorization of \$275 million. Special assistance consists of approximately \$100 million of individual programmed items for needs which cannot suitably be met out of the three categories I have already mentioned. It also includes \$175 million for contingencies.

In addition to these four major categories, the Mutual Security Act includes a series of smaller programs totaling \$98,433,000.

II

In recommending the four major categories I have just outlined, the Foreign Affairs Committee has proposed several legislative changes from the present act.

The first major change is in the defense assistance category. The executive branch has requested that appropriations for both military assistance and defense support should be authorized on a continuing basis in order that the de-

fense assistance category might be included in the regular budget of the Defense Department next year. The Foreign Affairs Committee has not recommended that this be done for defense support but it has recommended that the authorization of appropriations for fiscal year 1959 of such sums as are needed for military assistance. This will permit the appropriation request for the foreign portion of our worldwide military security program to be included in the defense budget next year.

The second major legislative change is the creation of the new development loan fund. There are four principal new features in this fund. First, it gathers together in one place essentially all of the money to be invested by the United States in the development of less-developed lands outside the control of international communism. Second, all of this assistance is to be provided in the form of loans. Third, there is provided for the development loan fund a supply of capital sufficient for 3 years of operations in recognition of the fact that economic development is a long-term process and in order to furnish the assurance of continuity necessary in order to get the most use from our development investment. Fourth, several new authorities designed to permit this fund more efficiently to carry out the job of supporting and accelerating economic development of the less-developed countries. Such authorities include, among other things, no-year availability of funds, ability to deal directly with private entities, extension of the guaranty authority, and authority to reuse repayments into the fund.

Although the executive branch has asked that appropriations for technical assistance be authorized on a continuing basis, the Foreign Affairs Committee has rejected this request. Instead, the Foreign Affairs Committee has recommended the far more limited authority to obligate funds of the technical assistance program without reference to fiscal year deadlines. This is done in recognition of the long-range nature of technical cooperation and to avoid the waste inherent in the need to rush obligation of funds in a matter as complicated as this international program. The House Foreign Affairs Committee proposes acceptance of a Senate provision that the United States contribution to the United Nations technical assistance program for the calendar year 1958 may not exceed 45 percent of the total contributions for that period, 38 percent for 1959, and 33⅓ percent for 1960.

S. 2130, as reported by the Foreign Affairs Committee, adopts a Senate authorization of a \$25 million special development fund for Latin America. It also adopts a Senate-sponsored authorization for the use of special assistance funds for aid to American-sponsored schools and libraries abroad. It earmarks \$150 million for the sale of surplus agricultural commodities under section 402 of the Mutual Security Act. It adds to the executive branch proposal authorizing assistance for peaceful uses of atomic energy abroad, a requirement that funds for this purpose can only be

used in countries which agree to periodic inspection by the United States of facilities financed in whole or part by the United States under this provision. It adopts a provision designed to make available funds otherwise provided in the bill for a new program of malaria eradication. Finally, it adopts a Senate provision requiring that defense support be administered by the Secretary of State and his subordinates.

III

Mr. Speaker, you will recall that a year ago, in passing upon the Mutual Security Act of 1956, there was widespread sentiment in the Congress and on the part of the American public that our entire foreign-aid program needed to be re-studied. As a result of this consensus on the part of both the Congress and the executive branch, there were initiated a series of studies by the Congress, by the executive branch, and by many highly qualified private groups. These studies were designed to seek answers to questions about the foreign-aid program such as the following:

What have we accomplished in the past decade of foreign assistance?

Is there a need to continue programs of foreign assistance in the future?

What should be the central purpose of such programs?

How should these programs be changed in order to improve them?

Many of us who have reviewed the findings of these constructive studies have been surprised at the degree to which they agreed upon certain important judgments. In the first place, Mr. Speaker, there was substantial unanimity that without the economic assistance the United States has provided during the past decade the loss of freedom which the people of the world would have suffered would have been tragic indeed. There has been widespread agreement that if there had been no programs of foreign assistance, the balance of future prospects for the world would have been tilted heavily against the probability of future peace and security.

There was a great deal of unanimity in these studies to the effect that so long as the menace of international communism is with us, so long as our security is threatened, it will be necessary to continue these programs of foreign assistance.

And there was widespread agreement also to the effect that certain changes in the methods of financing the programs and in the methods of implementing them could be made which would contribute to clarifying their purpose and to efficient operations.

Two of the improvements which were most frequently suggested were:

First, that the program be presented to the Congress and to the people of our country, in a way which would clearly identify the amounts of money which were being devoted to the several purposes of the program. In response to this recommendation, S. 2130 does identify, as I have said, the amounts of money which are devoted to strengthening ourselves and our allies against the threat of armed attack; to supporting programs of economic growth, both

through the contribution of technical skills and knowledge and through the provision of the capital needed for development; to international emergencies in such forms and amounts as are most responsive to the nature of such emergencies; and to the specialized programs of foreign assistance. In these ways, Mr. Speaker, the bill before the House clarifies the several purposes of the mutual security program and identifies the cost associated with each purpose.

The second proposal for improvement which was repeatedly called for by these studies of our foreign aid programs was that the United States should increase its emphasis upon the task of economic development and that it should place these economic development programs in the long-range frame of reference which is necessary to their efficient implementation. This, S. 2130 seeks to do through the new development loan fund. That fund is in some respects an innovation in this bill and deserves special comment.

The development loan fund is intended to place our development financing on a sound, businesslike basis. It will use the same procedures that the Export-Import Bank and the World Bank use, although it will make loans involving a higher degree of risk than these agencies can accept.

Like these banks, the fund will place primary responsibility for the planning of development proposals on the borrowing country. Its financing will be available as—and only as—sound proposals for development projects are worked out and advanced. Its operations will be designed to encourage the receiving countries to greater self-help and to bring about increased activity on the part of other financing sources, notably private investors.

To operate in this way, however, the fund must have the essential characteristic of any financial institution: continuity. It must have the same assurance of future resources that any bank—public or private—needs to function effectively.

Without this assurance, the fund will not be able to plan for the most effective long-term use of its resources, as any sound enterprise should.

Without this assurance, it will not be able to offer the borrowing countries a convincing incentive to plan and to carry out the basic development projects and programs that are needed. These countries will still want our help, of course, but they will tend to use it for short-term purposes, which are not those most needed.

And without this assurance of future resources, private investors and existing lending agencies will be as reluctant to work with the fund in ways which might increase their activity as you and I would be to work with a private bank if we did not know whether it was going to be in business next year.

It is for these reasons that virtually every study of the problem which has been carried out in the last year—for the Congress and the executive branch, and by outstanding private groups—has agreed that annual appropriations are a

wasteful and ineffective method of attacking a long-term problem like economic development. It is for these reasons that the Foreign Affairs Committee has agreed with the Senate that the fund must be endowed with at least 3-year capital if it is to fulfill its purpose. Any shorter period would be entirely inconsistent with the concept that it is in the self-interest of the United States to see that the less-developed nations now threatened with Communist penetration should be able to make decent economic progress while preserving their free institutions.

It is necessary, however, to combine this needed assurance of future resources with effective and continuous congressional control. That control must not, in any way, be impaired or sacrificed to secure greater operating efficiency. It is vital that the Congress should be able to maintain constant review of the fund's operations and should be able to curtail or eliminate its operations at any time. We cannot give the executive branch a blank check to spend as it sees fit in ways which we do not know and cannot halt.

The Senate bill has been carefully drafted to meet both these requirements—for needed continuity and for effective congressional control. The Foreign Affairs Committee has recommended additional safeguards to assure adequate, continuing congressional control.

The bill provides the needed assurance of future resources by furnishing the fund with an appropriation for its first year—fiscal year 1958—and with authority to borrow specified sums from the Treasury in each of the next 2 fiscal years.

It provided effective and continuing congressional control in five different ways:

First, the bill plainly declares the criteria that are to be observed in making loans from the fund. These criteria are far more precise than have hitherto been laid down in mutual security legislation or in any comparable Government loan legislation. The proposed criteria are clear and specific:

The proposed project or program must be technically feasible and economically sound.

It must give promise of contributing to the development of economic resources or to the increase of productive capacities.

Financing must not be available for the proposed project from other free world sources on reasonable terms.

There must be a firm commitment by the borrower to make repayment, and there must be a finding that there are reasonable prospects of such repayment.

And the bill further provides that the fund should be operated in such a way as to support and encourage private investment, and as not to compete with private investors or existing lending agencies, such as the Export-Import Bank or the World Bank.

In laying down these criteria, the Congress will be establishing the basic pattern of the fund's operations. If it wishes, the Congress can change these

criteria at any time, and thus change the direction and character of the fund's operations.

The second way in which the bill would enable the Congress to control the fund would be through its provisions for reporting by the fund. The bill requires semiannual reports to the Congress on fund activities. It also requires that reports on any particular transaction be made to the Foreign Affairs, Foreign Relations, and Appropriations Committees upon the request of the chairman. In addition, the executive branch will appear before the authorizing committees each year in support of other phases of the mutual security program and will, at that time, give a full report on the fund's activities.

The third element of congressional control is the right of the authorizing committees to recommend legislation to curtail, or eliminate, its future operations at any time. As the fund enters each new year of operation, these committees will have a sound basis, in the reports that will be made to them, and in the annual review of the fund which will be made before them, for judging whether such legislative action is advisable.

The fourth way in which the bill maintains congressional control is through the authority provided to the Congress to limit the fund's use of its resources in an appropriation act. This is assured by the requirement of section 204 (c) that the fund submit to the Congress each year the business-type budget called for in the Government Corporation Control Act—even though the fund is not a corporation. The budget will set forth the prospective uses of the fund's resources for the next fiscal year. The Government Corporation Control Act says specifically, in section 104, that the Congress can limit the fund's use of its resources for both administrative and operational expenses. The relevant passage of the act reads as follows:

The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends.

In passing on the fund's budget each year, therefore, the Appropriation Committees will have an opportunity to recommend to the Congress that the proposed scale of its future operations be reduced—or eliminated altogether. The Congress could enact such reduction or elimination in an addition to an appropriation act.

The full meaning of this provision is specifically recognized by the Foreign Affairs Committee and made a part of the legislative history of the bill by inclusion in the committee's report—page 24.

The fifth way in which the bill insures iron-clad congressional control is extremely important. The bill says that the fund cannot obligate any of the money which it would be authorized to

borrow from the Treasury in fiscal year 1959 and fiscal year 1960 until those years came around. Thus, if the Congress did decide, in either of the ways that I have described, to cut off or cut down the fund's future operations it could do so and the money in question would still be unobligated. In other words, the Congress would not be required to commit to the fund beyond its control more than 1 year's resources at any one time.

Taken all together, these five methods of control insure that the Congress would retain full authority over the fund's operations. There is no reason to deny the fund borrowing authority for fiscal year 1959 and 1960 to preserve rightful congressional control. And there is every reason to grant that authority in order to provide the fund with that assurance of continuity which will be essential to its sound and businesslike operation.

I do not intend to deal at length with the question of the amounts of capital requested for the loan fund for each of its 3 years. I will make only two observations: The first is that the fund is directed, as a matter of the highest national policy and enlightened self-interest, toward the economic development of areas of the world containing 19 new nations with populations of 700 million people and other, older, nations bringing the total population to well over a billion people. These are nations whose populations and territories represent the balance between the free world and the slave world and whose raw materials are literally vital to the future prosperity and strength of our Nation. My second observation is that the capital recommended by the Foreign Affairs Committee to be devoted annually to this incalculably important purpose on which the whole future peace of the world is so heavily dependent is less than one-eighth of 1 percent of the annual gross national product of our own great economy.

IV

The bill, as reported by the House Foreign Affairs Committee, is the product of a great many hours of committee study. I believe it is an improved measure for the achievement of our mutual security objectives. Nevertheless, Mr. Speaker, the rule under which this bill is reported out provides, as it should provide on such an important measure, ample opportunity for the Members of this House to examine carefully and to debate fully each of the provisions of the Mutual Security Act of 1957. I believe that the House should pass this rule at once so that it can resolve itself into Committee of the Whole and commence its consideration of the Mutual Security Act of 1957, in order to continue in the future the programs which, in the past, have contributed so immeasurably to the freedom and stability of lands hard pressed by the forces of international communism throughout the world, and which, therefore, have contributed no less importantly to the freedom and security of America.

Mr. BOW. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. BOW. Since the rule waives points of order, I assume that the Committee on Rules gave consideration to those matters which would have been subject to points of order.

Mr. O'NEILL. Indeed, we did.

Mr. BOW. Can the gentleman explain to the House what provisions are in the bill which would have been subject to a point of order, had such points of order not been waived?

Mr. O'NEILL. It was believed by the Committee on Rules that Title II would have been subject to a point of order.

Mr. BOW. Is it not a fact that there are, perhaps, a billion or more dollars in the bill that would have been subject to a point of order had the points of order not been waived?

Mr. O'NEILL. Title II would carry \$500 million.

Mr. BOW. It has been suggested by some that perhaps it would amount to at least \$1½ billion.

Mr. O'NEILL. Title II would have carried an initial appropriation of \$500 million, plus the right to borrow \$500 million the following year and \$500 million the year after that.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. VORYS. I think the gentleman is in error, that the \$500 million would not be subject to a point of order.

Mr. O'NEILL. No.

Mr. VORYS. However, there is an attempt in the bill to leave that to be reviewed by the Appropriations Committee, and some of us think that would make it all subject to a point of order; and because it might be, there was a request for a waiver.

Mr. O'NEILL. Actually we did not ask the Parliamentarian whether a point of order would lie, but if a point of order was raised against it and the bill was subject to a point of order, it would kill the bill entirely; it would scuttle the bill.

Mr. VORYS. It has been quite the custom to have waivers of points of order because of the complicated nature of this very long bill from year to year.

Mr. O'NEILL. I would be anything but truthful if I did not say that the purpose of the Rules Committee in waiving points of order was to try to save title II.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. GROSS. When were points of order upon mutual-security bills or ECA, or any of those bills that have come along in the last 10 years, waived? Does the gentleman recall the committee having waived any points of order in the last 10 years?

Mr. O'NEILL. Well, I have not been here 10 years, but I know that on appropriation bills it has been the custom of the Rules Committee on many occasions to waive points of order.

Mr. GROSS. I am glad to know it is becoming the accepted Spanish custom, or whatever custom it is, to waive points of order.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. HAYS of Ohio. For those who are questioning the waiving of points of order, on yesterday an amendment was offered to strike out the 2-year additions to development loan funds. In other words, make it 1 year only. There will be an amendment to take that out, so the House will have a chance to vote on it, regardless of whether this rule is adopted.

Mr. O'NEILL. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. LANE].

MUTUAL SECURITY ACT—A TWO-WAY PROGRAM
TO DEFEND AND EXTEND FREEDOM

Mr. LANE. Mr. Speaker, we would have no viable foreign policy without the mutual-security program.

Unfortunately, many of our people do not comprehend the need, and the accomplishments of foreign aid. To the uninformed, it appears to be a giveaway.

There is no question that S. 2130, amending the Mutual Security Act of 1954 will be passed.

In the process I hope that the able efforts of the Committee on Foreign Affairs will receive greater recognition, and that the American people will come to understand why these appropriations are necessary for the national interest and security of the United States, and for the defense of freedom itself.

As the committee states:

Events clearly indicate that we must continue to provide military assistance to our allies and that we must expand and improve our programs of assistance to underdeveloped countries.

Even in those rare and isolated cases where there was waste in the administration of this program, cases that were greatly exaggerated in the first place, the consensus of informed opinion is that this program is a major factor in thwarting the aggressive policies of international communism.

In this year's legislation, there are two important structural changes, designed to eliminate defects in the operation of previous years. One is the requirement that long-range economic development shall be financed on a loan, rather than a grant basis. The other is the elimination of the necessity for obligating funds for economic development on a fiscal year basis.

The development loan fund is a new approach for assisting nations of the less developed areas of the world.

The committee report stresses two fundamental considerations.

First, the importance to the United States of helping to accelerate the development of less developed countries which are free from domination by the governments or organizations controlling international communism. Second, the conviction that if we are to embark upon an accelerated development program, we must do it in a way that is sound and businesslike.

This approach constitutes a definite improvement. It should silence the handful of vocal critics who are constantly harping on the fact that we are giving money away to other countries for no useful purpose, and without adequate return insofar as our own national security is concerned. And it prepares

the way for a curtailment of this program when other nations, as a result of our help, are able to stand on their own feet.

As to the other factor, witnesses at the hearings testified that annual appropriations do not encourage the receiving countries to use our aid for the long-term projects that are really needed. Lacking any assurance of continuity, these countries use our aid instead for short-term purposes, which are often wasteful. Nor can we ourselves plan ahead for the most effective use of resources which the United States provides as assistance, if the amount of those resources cannot be predicted from year to year.

The report suggested that sufficient money be made available for development financing to cover more than 1 year's operation.

Competent opinion is almost unanimously agreed that the new method provided for in this bill is necessary.

The heart of this bill relates to military assistance.

Many people do not recognize that, important as the United States contributions to the free world defense efforts of our allies have been, our contributions have been small compared to their own defense expenditures.

Contrary to popular belief, they are carrying their share of the load.

In 1956, for instance, when our contribution to their efforts amounted to \$1.7 billion, our NATO partners in Europe expended for defense \$13.1 billion, or almost 90 percent of the total of our military assistance and their defense expenditures combined.

Thus, the nations receiving grant military assistance from us have spent for defense about \$5½ for every dollar that we have put into such assistance. This essential mutuality in the defense activities of ourselves and our free-world partners is the greatest source of strength in this effort to insure lasting peace and security.

If we did not have their assistance, and had to "go it alone," we would have to have many more million of our own young men in military service, and at a cost far greater than is needed to support the armed forces presently maintained by our allies.

Consider these revealing facts.

Without our assistance and support, our friends might well falter and not make the necessary efforts to protect themselves. With the funds provided, the United States will assist in the support of more than 200 divisions, more than 2,300 naval vessels, more than 10,000 jet aircraft, and more than 12,000 conventional aircraft.

If the United States tried to achieve a comparable defense status from its own funds and manpower, it would be impossible. For example, it costs per year to pay, house, feed, and clothe the average military man of our allies on his own soil: for Turks, \$105; for Koreans, \$117; for free Chinese, \$142; for Italians, \$837; while the comparable cost for a United States military man, without arms, is \$3,511, to which must be added \$3,000 per year for transportation and maintenance,

making a total of approximately \$6,600.

The Mutual Security Act is part and parcel of our own defense effort.

Its success in preventing Communist expansion through aggression is evident.

The Communists would like nothing better than to see us weaken it, in order to save money at the expense of security.

They are certain to be disappointed.

Mr. O'NEILL. Mr. Speaker, I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, recently the State of Michigan and the Nation lost a most estimable citizen in the death of our former colleague, Earl C. Michener. Shortly after his death, the gentleman from New York [Mr. CELLER], chairman of the Committee on the Judiciary, on which Mr. Michener served so well, and of which he was at one time chairman, took occasion to call his death to the attention of the House. At that time no Republican from Michigan was on the floor. Later, and because of the absence of Mr. Michener's successor, Mr. MEADER, on official business, I did not bring notice of that sad happening to the attention of the House.

Still later, Mr. MEADER, who succeeded Mr. Michener, obtained a special order. However, it came so late in the day that again Michigan Republicans and many other Members of the House who served with Mr. Michener were not on the floor.

Those of us who served with Mr. Michener recognized him as a sound, conservative, and valued Member of the House, an expert on parliamentary procedure; always in attendance during debate; always implementing his views by conservative, worthwhile statements.

Those of us who served with him will long hold his kindness and his helpful advice and service in memory.

Earl Cory Michener was born November 30, 1876, near Attica, Seneca County, Ohio.

With his parents he moved to Adrian, Mich., in 1889. He attended the public schools of Adrian. Served as a private in Company B, 31st Regiment, Michigan Volunteer Infantry in the Spanish-American War, from April 26, 1898, to May 17, 1899.

He studied law at the University of Michigan at Ann Arbor in 1901 and 1902 and was graduated from the law department of Columbia University—now George Washington University—Washington, D. C., in 1903 with the degree of bachelor of laws. He was admitted to the bar in the same year and began the practice of law in Adrian, Mich.

He was assistant prosecuting attorney for Lenawee County, Mich., from 1907 to 1910; prosecuting attorney, 1911–1914.

He was elected as a Republican to the 66th Congress and 6 succeeding Congresses—serving from March 4, 1919, to

March 3, 1933. Unsuccessful in the 1932 election, he was again elected in 1934 and served in the 74th and 7 succeeding Congresses, from January 3, 1935, to January 3, 1951, a total of 15 terms, a period of 30 years.

He was succeeded by our colleague, GEORGE MEADER, who was elected to the 82d Congress.

Our colleague, Mr. Michener, was a devoted husband and father. He idolized his son, who preceded him some years ago, and whose death was a severe shock from which he never fully recovered.

For years, Mrs. Michener was an invalid. Our colleague never failed, in every possible way, to minimize her suffering—never neglected any opportunity to make her life more bearable.

Our friend was an accomplished lawyer. He was an experienced parliamentarian. For years, he was regarded as the assistant to the Republican Party leader. He was very helpful, not only to the older Members of the House, but especially so to those who came in after he entered upon his service here.

In his passing, many of us now here lost a valued, helpful friend, a competent, considerate colleague.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. MARTIN. I wish to join with the gentleman from Michigan in expressing my deep regret over the death of Earl Michener. I served with him for many years and sat by his side for many years on the Committee on Rules. That permitted me to know what an able man he was; what a just man he was; and what a good man he was. No man was ever more actuated by a desire to help his countrymen than Earl Michener. He was a man of fine intelligence, of sound convictions and with the courage of his convictions.

In the early days of my service here, he was of tremendous help and took great care to direct us along the right path. He was one of my most intimate friends and his death caused keen regret.

Not only was he a sound legislator but he was dedicated to the country he loved. With loyalty and courage he served his country in the legislative halls and in the field of battle as well. His was a distinguished military career. A great American passed away in the death of Earl Michener.

(Mr. MARTIN asked and was given permission to revise and extend his remarks.)

(Mr. HALLECK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HALLECK. Mr. Speaker, I have learned with deep sorrow of the passing of Earl Cory Michener, my former colleague.

Well do I remember his able service as chairman of the Judiciary Committee in the 80th Congress when it was my privilege to serve this House as majority leader.

As one of the experienced members of this body when I came to the Congress in 1935, Earl Michener was one of that small band of Republican Repre-

sentatives who stood solidly for party principles during the long years when we were in an almost hopeless minority.

His faith in those principles and his willingness to stand and be counted when the chips were down served as an inspiration to those of us who had come more recently to the Congress.

As a veteran of the legislative processes, Earl Michener was also one to whom the younger Members looked for guidance, and he was always ready to lend a helping hand wherever he could, giving unselfishly of his time and talents to that end.

Above and beyond his identification as a stalwart champion of Republicanism, however, the long record of Earl Cory Michener's career in the House of Representatives established him as a servant of the public in the full sense of the word.

Earl Michener was dedicated to his responsibilities, not only to his party and to the people of the Second District of Michigan who sent him down here for 14 terms, but to the country as a whole. It can be said, truly, that he acquitted himself with high distinction. To those of his family who survive, I offer my heartfelt sympathies in their bereavement.

Mr. HOFFMAN. Mr. Speaker, I yield back the balance of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 7 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Speaker, one of the regrets I always have when this bill reaches the floor of the House is the fact that I disagree with the majority members of the committee on this legislation. I think, however, that the members appreciate and respect those who differ with them, and I like to think that the give and take that we have within our committee and on the floor of this house is the thing that makes this country great.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. JUDD. I would just like to take this opportunity, as a member of the Foreign Affairs Committee and who on this question is on the opposite side from the gentleman from Wisconsin, to pay tribute to him personally. For many years I have sat with him on the committee. There is no man whose criticisms have done more to improve the very program that he himself thought was perhaps ill advised.

He has made his fight and then has accepted the will of the majority and gone ahead to serve faithfully like a good soldier and do well that which the majority voted for. As a member of the committee and one of his fellow legislators, I want to pay tribute to his ability, diligence, honesty, and forthrightness. There is not a member of the committee who does not have the greatest respect for him—and for those associated with him in their opposition to the bill.

Mr. SMITH of Wisconsin. I thank the gentleman from Minnesota.

This matter of waiving points of order which in the rule before us I think is perhaps an innovation for our committee. I do not recall any time where we have asked for a waiver in a rule, but I can fully understand why the request was made. I was in hopes that we could have in the course of the debate on the bill a thorough examination of the provisions of this so-called development loan fund.

Mr. Speaker, one of the chief elements in this bill that disturbs me greatly is the matter of its effect upon inflationary trends. I do not believe we can deny the fact that this bill represents a good slug of inflation, and I want to bring to your attention just a paragraph or two from the report prepared by Clement Johnston, who was commissioned by the committee of the other body to go to southeast Asia and look over the situation in that part of the world on this question of foreign aid.

Mr. Johnston calls attention to a situation that exists in Vietnam, Laos, and Cambodia. He said:

Conditions which existed at the time may have justified the United States decision to support the currencies of Vietnam, Laos, and Cambodia at the arbitrary rate of 35 piasters or other local currency to the dollar. Today that figure is utterly unrealistic, as becomes apparent when we examine the need for monetary reform in Vietnam. The added and unnecessary cost to the United States taxpayer is approximately \$20 million a month. This money is not going into public treasuries; it is going into private pockets. Of even more importance, the faith of the newly freed people of the area in the integrity of democratic government is being shaken by the spectacle of the undeserved enrichment of a favored group.

In Vietnam, for example, United States representatives have met with only limited success in the past 2 years in persuading the Vietnamese Government to adopt and apply sound economic and fiscal policies, so essential to a development program.

Do not forget, the matter we are talking about today is the development program.

He said further:

These conflicts involve a basic clash between political nationalism and sound economics and nationalism has prevailed. This is evident in various facets of handling commercial aid. It appears also in budget administration, for in practice there is no real budget control and, consequently, budget deficits have increased inflation in the economy. Likewise, the Government has shown a singular reluctance to exercise vigorously its taxing authority.

Mr. Speaker, this program needs a good look, it needs more time than we have had to study the problem. This matter came to us only a few short weeks ago and we have been spending our time on technicalities and details but have never gotten into the basic philosophy of the situation.

Mr. JUDD. Mr. Speaker, will the gentleman yield again?

Mr. SMITH of Wisconsin. I yield to the gentleman from Minnesota.

Mr. JUDD. Will the gentleman tell the House what the final conclusion of Mr. JOHNSTON was with respect to the

worthwhileness of this overall program, despite the difficulties in that country and also in a good many other countries?

Mr. SMITH of Wisconsin. I do not have the particular reference. If the gentleman has it, I will be glad to have him insert it in the RECORD.

Mr. JUDD. It is my recollection that he favors continuation of the program, always being on the lookout for the kind of situation described, situations which are bound to develop in countries that have been independent for only a very few years. The program certainly needs constant supervision. He stated that the program has been of great value and should be continued, and I believe he advised some expansion in the loan program.

Mr. SMITH of Wisconsin. The point it seems to me is that our authorities abroad are having a difficult time trying to get these folks to get their houses in order. He made the further statement:

United States aid cannot bring any real and lasting benefits to Vietnam, Laos, or Cambodia as long as the false values of inflation are diverting resources to uneconomic ends.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, consideration of this rule raises the curtain on the annual show in the House of Representatives billed as the Great Foreign Giveaway. But this year, something new has been added for American taxpayers by way of a new strip tease act, the loan procedure that is contained in the title for the protection of which this unthinkable waiver of points of order was granted. Since the present foreign giveaway operation is becoming unsavory to the people of the country, this starts the new fashion of loans and gives to the President of the United States, whoever he may be, almost untrammelled power to spend money.

And it is proposed to create a \$19,000 a year manager, a new manager on the scene, with a retinue of helpers to dish out a billion and a half dollars in the next 3 years. In this show that is about to be put on, the usual medicine men will be around to sell their wares, but no pegs have been left for the taxpayers to hang their shirts and pants on that will be stripped off them. They will be told to toss them to the foreigners in the audience, and the only injunction to the foreigners will be to please return the empty billfolds.

There is no reason why points of order should be waived on this bill unless it is that the Committee on Foreign Affairs did not do its homework properly or the Committee on Rules of the House wanted to make it easy and comfortable for the Foreign Affairs Committee. There can be no other explanation.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Yes, I am happy to yield to the gentleman, and I would appreci-

ate a better explanation of why the Rules Committee waived points of order than you gave to the gentleman who addressed the question to you.

Mr. O'NEILL. The explanation is very simple. As to title II, at least we were not sure that a point of order would lie against or not, but to try to protect it, we did waive points of order. For example, there is a great possibility that the gentleman from Iowa would be the one who would make a point of order against title II. If the point of order was sustained, then title II would have been stricken from the bill. The bill is subject to amendment. The House has already been served with notice by the gentleman from Ohio [Mr. Hays], that he intends to offer an amendment to the bill. If anybody is not satisfied with it, it is his right to move that the section be stricken out, or the title, but we thought it would be best for the Members of the House to vote their will on the matter rather than for one gentleman to get up and raise a point of order striking it out. We thought it was fair to the members of the committee, who spent some eighty-seven-odd days, I believe, hearing the proponents of this bill, and that it would be best for the State Department and the President and for all concerned rather than one individual, who had not put the time and study into it, to get up and raise the point of order.

Mr. GROSS. Perhaps the gentleman would like to tell me why we have rules of the House that provide for the raising of points of order.

Mr. O'NEILL. Well, you have a Rules Committee, but you can apparently circumvent it.

Mr. GROSS. That is exactly the answer I wanted. The Committee on Rules, the gentleman has said, has circumvented the rules of the House. He is perfectly right. He is frank about it.

Mr. O'NEILL. But this gives to the Members of the House the opportunity to vote on it.

Mr. MORANO. Mr. Speaker, if the gentleman will yield, the House has the opportunity to vote its will.

Mr. GROSS. Of course, but that does not detract from the fact that the Rules Committee is circumventing the rules of the House by voting for a rule waiving points of order on this bill.

Mr. MORANO. Of course, you are not. If the House wants to vote the rule down, the House can do so.

Mr. ALLEN of Illinois. Mr. Speaker, I have no further requests for time.

Mr. O'NEILL. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. GORDON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House

on the State of the Union for the consideration of the bill S. 2130, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. GORDON. Mr. Chairman, I rise in support of S. 2130 and urge its adoption by the House.

(Mr. GORDON asked and was given permission to revise and extend his remarks.)

Mr. GORDON. Mr. Chairman, I rise in support of S. 2130, a bill to extend the mutual security program. For a full 10 years now the Committee on Foreign Affairs has been appearing annually before the House recommending the enactment of legislation designed to strengthen the defense posture of those countries of the free world allied with us in the common effort to prevent the spread of Communist domination.

When the committee appeared before the House last year, there were uncertainties in the minds of many as to the future direction and magnitude of the mutual security program. In every quarter, from the President on down, there were demands for a new look and a reappraisal of the program and the need for it.

Since that time the program has been subjected to the most painstaking and thorough reexamination and reappraisal undertaken since its inception. The program has been the subject of exhaustive study not only by commissions in the executive branch, but by committees of the House and Senate as well, including that conducted by the Committee on Foreign Affairs last fall.

As for the continuing need of the program, the savage suppression of the Hungarian revolt last October made clear that the post-Stalin Soviet regime was no less determined to use military force to obtain its objectives than its predecessor. The current shifts in the Kremlin mean new faces, but we have no basis whatever for any hope that the old Communist threat has been removed.

The achievement of some measure of freedom in Poland and events in other parts of the world have reemphasized the increasing importance of continuing to provide military assistance to our allies. Events have also pointed up the increasing importance of our relations with the underdeveloped nations of Asia and Africa and the wisdom and advisability of expanding and improving our programs of assistance to them.

There has been significant progress in the achievement of a military strength by the free world to form an effective deterrent against major war. This deterrence is not static and can only be kept effective by constant effort.

United States contributions to the free world defense efforts of our allies have been of great importance, but many people have not recognized that important as United States contributions have been, they are small compared to the defense expenditures of our allies. As brought out in our committee report, in 1950 when we began our military assistance programs, our expenditures for assistance to European NATO countries amounted to \$300 mil-

lion. In that year these countries themselves made defense expenditures of \$6.5 billion. In 1953, when our expenditures for aid to these countries increased to \$3.2 billion, they spent \$12.8 billion for defense; their share of the \$16 billion total was thus 80 percent. And in 1956, when our contribution to their efforts amounted to \$1.7 billion, our NATO partners in Europe expended for defense \$13.1 billion, or almost 90 percent of the total of our military assistance and their defense expenditures combined.

Equally striking is a comparison of our total aid expenditures with the defense expenditures of all our grant-aid allies, considering that even relatively small military establishments are a great economic burden for them. United States expenditures from 1950 through 1956 for military assistance to the European NATO countries and for such aid to other grant-aid countries totaled \$17.4 billion. During the same period, foreign nations used their own funds to purchase more than \$1 billion worth of weapons and military equipment from the United States.

The defense expenditures of these countries during the same period totaled \$93 billion in the joint defense effort. Thus, the nations receiving grant military assistance from the United States have expended more than \$5 for every dollar that the United States has put into such assistance.

Translating these dollar sums into concrete terms, these expenditures have made it possible for increasing the ground forces of our allies during the period 1950-56 from 3.5 million men to 4.8 million men, an increase of 37 percent; their naval forces from less than 1,000 combatant vessels to over 2,300, an increase of 139 percent; and their air forces from 11,500 aircraft, of which fewer than 500 were jets, to over 12,000 conventional aircraft and nearly 11,000 jet aircraft—22 times as many as they had in 1950.

We have the benefit of all this increased military strength as the result of our mutual defense activities. As a result of this program, the United States also has an overseas base system which gives us a great advantage over the Communists in a field in which they cannot compete, the location of overseas defense bases. The western nations possess a system of advance bases, including the United States bases in North Africa, which gives us a great strategic advantage in the event it should be necessary to launch a retaliatory attack on the Soviet Union.

The committee was informed during its study last fall that our base system is equivalent, if the positions were reversed, to the Soviet possessing a system of advance bases which would enable it to launch simultaneous attacks on the United States from Greenland, Newfoundland, Bermuda, Jamaica, the Yucatan Peninsula, Costa Rica, Lower California, and the Aleutian Islands.

The strategic importance of our allies and our overseas bases was strikingly highlighted by Admiral Radford in his recent testimony before the Committee on Foreign Affairs. Admiral Radford said:

The Joint Chiefs of Staff consider that an adequate overseas base system is essential to the successful prosecution of free world military strategy. Here, then, is a definite link between our prospects of victory if war is forced upon us and the military assistance program.

In essence, to insure our success we must provide essential funds for the maintenance of an adequate world base system from which United States and Allied forces may contain and counterattack the Communists. All other reasons for foreign military assistance must be contributory to this one central theme.

I was particularly impressed, and wish to bring to the attention of the Members of the House this additional statement of Admiral Radford during his testimony in support of the mutual security program. Admiral Radford told us that—

A major deterrent force per se is not absolute insurance enough to prevent the Communists from achieving their aim of world domination. They would have the opportunity—if that were our only program—to defeat us. In a sense sole reliance on a United States-based major retaliatory force is the fortress America program—I might say in passing it is not now technically possible to achieve that state of affairs without some bases overseas. I have covered that in my statement. Perhaps 10 years or more from now it might be possible, with guided missiles of long-range and longer range aircraft and other improvements in submarines. It is possible at some indeterminate time in the future that we could build sufficient military strength based either on United States territory, or in the international waters of the world that we had to get no permission to use, to deter Communists from attacking us.

But the main hope of preventing the ultimate success of the Communist power in the world is to maintain the freedom of the rest of the free world.

The Committee on Foreign Affairs began its hearings on May 22 and concluded them on June 28 after hearing 91 witnesses and studying a voluminous mass of background material. The committee gave most careful consideration to reports, testimony, and statements indicating deficiencies in the administration of certain aspects of the mutual security program and to unfavorable reports that have appeared from time to time in magazine articles. The committee devoted the first part of its hearings to a study of these deficiencies and for that purpose received testimony from the Comptroller General of the United States and other officials of the General Accounting Office. The committee also had the benefit of the testimony from the chairman and members of the International Operations Subcommittee of the Committee on Government Operations and was particularly concerned to determine whether or not administrative procedures and fiscal controls in the International Cooperation Administration had been adequately modified to correct deficiencies which had been reported.

The International Cooperation Administration reported significant improvements in the programing process, project administration, personnel selection and fiscal management, and the General Accounting Office reported to the committee that action has been initiated to correct most of the deficiencies which its audits have revealed.

We will undoubtedly learn of additional deficiencies from time to time, and we shall do our best to initiate whatever further legislative steps are necessary to prevent them and to avoid their recurrence.

As the committee report states, "in no case has it been demonstrated that the administration of the program was so deficient that it would have been better to have terminated our effort. Even in Iran, where the most serious administrative shortcomings were found, the net result has been strikingly successful. The consensus of informed observers is that without United States assistance Iran would have been taken over by the Communists."

All of the information available to the Committee on Foreign Affairs indicates most clearly that the Soviet leaders, to use the words of Admiral Radford "have no intention to abandon their ultimate objective of world domination". We also have every reason to believe that they have no sense of urgency in working to achieve their objective. It is only because of our present strength that they appear to put a lesser emphasis on violence now while they still work for an overwhelming military strength. We must not forget that we cannot afford to let them achieve a military advantage over us.

I am personally convinced that many aspects of our mutual security programs, the purely technical assistance and other forms of nonmilitary aid together with the direct military assistance, are clearly and inseparably interrelated in our overall defense effort.

The committee has worked most carefully to improve the bill before us today. Most of the committee amendments are in the nature of improvements which I believe will help tighten up some of the loose ends of the program and make for economy and efficiency in its operation. However, there is one amendment, on page 32 of the bill, which I shall oppose and which I hope will be rejected by the House. It would have the effect of completely denying any type of assistance to the people of Poland who have already made significant strides toward the attainment of a measure of freedom. The House has on other legislation recently expressed itself in opposition to such a position, and I sincerely hope that the House will confirm its previous stand by overwhelmingly rejecting this proposed amendment.

Mr. Chairman, the continuation of the mutual security program is essential to the national interest and security of the United States and should be continued.

Mr. Chairman, the gentleman from Missouri [Mr. CARNAHAN] will serve as floor manager for the majority side during the consideration of S. 2130.

Mr. CARNAHAN. Mr. Chairman, I yield myself such time as I may consume.

We have before us this year another bill which authorizes the money necessary to continue the Mutual Security Program. The bill includes provision for a variety of programs, the details of which are complex. Nevertheless, I can say with confidence that in determining how he will vote on this bill, any Mem-

ber of the House needs to consider only a few simple and basic questions, and I think I can say with equal confidence that the answers to these questions are obvious.

There are a few columnists and commentators, and I recognize that there are a few of my colleagues here in the House of Representatives, who believe that the decision as to what should be done about foreign aid should be reached on the basis of answers to these three questions: First, should we continue giving money away to foreigners; second, should we provide United States assistance to governments which are not honestly and efficiently operated; and third, should the United States give aid to nations which are not fully committed to our views and are not willing to accept without question our leadership?

I would like to invite your attention for a few minutes to what it would mean to the United States if we did accept the simple, the obvious and the easy answers to the three questions which I have just asked.

The best way to make clear my meaning, I think, is for me to ask three other questions which are equally simple and to which I feel confident the answers are equally obvious. The first is, What does the United States want to do about the large military forces now under arms and determined to resist Communist aggression at all costs. Such forces are in being today in the Republic of Korea, in Turkey, on the island of Formosa, and elsewhere among some of our allies. These forces have been equipped primarily with weapons, ammunition, and airplanes from the United States. Perhaps in none of these nations is there any possibility that the nation itself could, with its own resources, maintain a military establishment in any way comparable to what it now has.

I think every Member of this House would want to give very careful and even prayerful consideration before he would want to vote to abandon our programs for assisting these nations.

The second of the simple questions that I want to call to your attention is, What about our overseas military bases? Is it important that we maintain the airfields in Europe, Africa, and Asia from which planes can be launched which will be in the course of an hour or two over vital targets?

The committee heard most revealing testimony from Admiral Radford, Chairman of the Joint Chiefs of Staff, and I invite your attention to pages 732 through 736 of part V of the committee hearings on this bill. Admiral Radford pointed out that the most important element in the defense of the United States and of the free world today is our own retaliatory strength, and he said that now, today, it is not technically possible to make this retaliatory strength effective without overseas bases. He stated further, and I quote:

Perhaps 10 years or more from now it might be possible, with guided missiles of long range and longer range aircraft and other improvements in submarines. It is possible at some indeterminate time in the future that we could build sufficient military strength based either on United States terri-

tory, or in the international waters of the world that we had to get no permission to use, to deter Communists from attacking us.

Every Member of this House should give careful consideration to the fact that our best military experts say that the fortress America concept is today technically impossible.

My third basic question is, Do we want 20 years from now in the year 1977 the nations of Asia and Africa to be independent and friendly to the United States, or do we want them to be Soviet satellites, hostile to the United States and regarding the entire white race as their enemies?

I have asked three simple questions and I think the answer to each is obvious. I do not see how anyone can believe that the United States will be safer or stronger or economically better off if we abandon the support of the forces of our military allies. I do not see how anyone can advocate that we abandon our overseas bases with the important strategic advantage which they give us over international communism. I do not see how anyone can disregard the importance to the future security and welfare of the United States of our relations during the next 20 years with the newly established nations of Asia and Africa.

The easy and the obvious answers to the questions which I have propounded, it seems to me, make very clear that the easy and obvious answers to the questions which I asked at the beginning of my statement are not so easy or so obvious when you consider the realities of the world in which we find ourselves today.

Let me take a few minutes to summarize the bill which is before us. It authorizes an appropriation of \$3,242,333,000. This is \$524,237,000 less than last year's appropriation of \$3,766,570,000. The bill, as reported by the committee, is \$375 million less than the authorization which passed the Senate and is \$622,077,000 below the Executive request. Let me point out that of the total authorization \$1,500,000,000 is for military assistance for our allies. This is 49 percent of the total authorization in the bill. Recipients of the largest portion of this equipment will not be the nations of Europe, as many people are inclined to think, but will be the forces of Asia and the Near East, including Korea, Formosa, and Turkey to which I referred a moment ago.

One of the most important, and I feel one of the most misunderstood, parts of the bill is section 6 which establishes a development loan fund. The reason it is misunderstood is, I think, that many people are not fully aware of the nature of the situation with which it is intended to deal.

I have already emphasized the importance to the United States of our relations with the underdeveloped countries of the world in the years to come. The people of these nations are very much dissatisfied with their present status and are determined to improve the conditions in which they live. The governments of these nations are very much aware of the pressure from their people and are actively seeking means for mak-

ing over the economies of their countries.

The most effective action which the United States can take in the light of this situation is to offer to help these underdeveloped countries with their economic development. In many cases it is necessary to start at the very beginning with countries that are inadequately provided with engineers and technicians. The Government budgets of many of these nations are so limited that they cannot afford to undertake the planning and engineering necessary to prepare projects for submission to the United States unless they can feel confident that funds will be available to carry on with those projects which prove feasible. It would be disastrous to the United States in our relations with such nations if after encouraging them and assisting them to inaugurate a development program we then withdrew our help because the necessary appropriations were not forthcoming.

It is necessary to recognize that although there must be assurance of enough money to finance a large number of long-range projects in the underdeveloped countries, it is probable that the actual expenditure of these funds will proceed slowly. In addition to the long period necessary to complete plans and draw blueprints and let contracts, it will also take time to enact implementing legislation, condemn land, and take other action within each country which is necessary for the projects to be completed. All these considerations lead to this conclusion: The United States, in order to provide effective assistance of the kind to which I referred, must have available a substantial fund upon which it can draw. The fund must be large enough so that all of the underdeveloped nations of the free world will feel that they will have an opportunity to participate in it. We cannot wisely say that we should make a small amount available the first year and see how things work out. If we are able to offer assistance only to the select few, we will inevitably antagonize many other countries whose future friendship and cooperation will be important to us. It is necessary to recognize also, however, that it is not desirable to appropriate in a single year large sums which may not be expended until 5 or more years later. For that reason, in addition to an initial authorization of an appropriation of \$500 million, the bill includes authorization for borrowing from the Treasury \$500 million beginning in fiscal 1959, and an additional \$500 million beginning in fiscal 1960. The fact that this borrowing is authorized does not indicate that the funds will be actually drawn in those fiscal years. The whole concept is one of providing a fund large enough to reassure the underdeveloped nations of the world and at the same time to avoid appropriating for the fiscal year 1958 a considerable amount of money that cannot and will not be expended for several years.

We all recognize that the Congress cannot bind future Congresses. The language of the bill is the best procedure which anyone has been able to devise for

meeting the necessity for helping nations with their long-range programs, for avoiding making appropriations that will not be used up for several years and at the same time permit adequate control and supervision of the program by the Congress.

There are many other programs in the bill which involve carrying forward efforts which were started in former years. The committee report describes them in detail, and I will be glad to try to answer questions about them. I am sure that most of them will be fully explained during the reading of the bill before this Committee.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I will be happy to yield.

Mr. GROSS. What interest rate will be charged upon the loans that are to be made?

Mr. CARNAHAN. The legislation does not designate the interest rate.

Mr. GROSS. What will be the length of the loan to be made?

Mr. CARNAHAN. The legislation does not designate the length of the loans. The rules for the loans, which will determine the interest rates, the length of time the loans will run, the size of the installment repayments, and other administrative details, will be taken care of by the Executive Department through a loan committee and an advisory committee, which the resolution does provide for.

Mr. GROSS. May I ask the gentleman if he saw a recent statement by the City National Bank of New York which states that 49 foreign countries have prime interest rates higher than those in the United States—higher than the prime interest rates in the United States? Will the gentleman tell me why American capital fails to take advantage of those unbelievably high interest rates in foreign countries?

Mr. CARNAHAN. If the gentleman cares to give his reaction, I will be glad to have it.

Mr. GROSS. Of course the answer to the question is that American capital, private investors, are not going into these foreign countries, because they doubt that they would ever get their money back at any interest rate. That, I think the gentleman will agree, is the situation in which we find ourselves today. If we support this bill we are not making loans, we are making grants in the guise of loans. Is not that true?

Mr. CARNAHAN. In my opinion that is not true.

Mr. VORYS. The Chairman, will the gentleman yield?

Mr. CARNAHAN. I shall be glad to yield.

Mr. VORYS. Some of the loans already made are for quite long terms, 35 years, with interest, I believe at 3½ percent on some; but on this matter of American capital not going abroad, American capital is flowing abroad at unprecedented rates, and our guarantee provision which we strengthened last year is being used more and more by American capital in order to protect itself from some of the risks in foreign investments.

Mr. CARNAHAN. And American capital is going abroad as the result of the functioning of the mutual security program over the years.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. It might well be that the fears of the gentleman from Iowa would be quieted perhaps if he were informed that the Chairman of the Board of Directors of the Export-Import Bank is to be on the board of managers of the new loan development fund.

Mr. GROSS. That would not quiet my fears at all, and the gentleman knows it.

Mr. O'HARA of Illinois. I think I do know that. One reason I have admired the gentleman so much is that nothing can ever quiet his fears.

Mr. GROSS. And I appreciate that, too.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Did I understand the gentleman to say that this is a long-range program?

Mr. CARNAHAN. Any loan under the proposed loan fund might certainly be arranged for a period of years.

Mr. NICHOLSON. But grants would be given also over a period of years, would they not?

Mr. CARNAHAN. World conditions will likely make further grants desirable. We expect grants to accomplish desirable results. Careful attention should be given to grants before they are made, for once made that ends the agreement in connection with the grant.

Mr. NICHOLSON. It has not been the end of it since 1947. The only difference in the grant is the name.

Mr. CARNAHAN. It is the hope of the committee and I think of many Members of Congress that the setting up of this loan fund will lead to the reducing of grants.

Mr. NICHOLSON. I understood the gentleman from Illinois [Mr. O'HARA] to say they could borrow money from the Export-Import Bank to guarantee these propositions. Have these countries tried to borrow money from banking institutions or from anybody other than the United States?

Mr. CARNAHAN. Many countries throughout the world have borrowed from the Export-Import Bank.

Mr. NICHOLSON. They have paid them back, have they not?

Mr. CARNAHAN. Yes.

Mr. NICHOLSON. Did they pay us back?

Mr. CARNAHAN. Yes; many nations have been and are now repaying loans from us.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Florida.

Mr. HALEY. The gentleman says this is a long-range program, and I thoroughly agree with him. Does the committee see any hope of this foreign aid

or giveaway diminishing in any time within the foreseeable future?

Mr. CARNAHAN. I do not believe I said that this loan fund as constituted under this bill is long range; it is set up to get funds for 3 years.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I am happy to yield.

Mr. GROSS. The gentleman from Illinois who spoke so feelingly of my fears will recall that not long ago we had under consideration the extension of the British debt and interest payment. He recalls that, does he not?

Mr. O'HARA of Illinois. Very definitely, yes.

Mr. GROSS. If the finances of the British are in such good shape why did we extend that? And why did the Export-Import Bank make a loan available to the British to the extent of \$500 million which they had not drawn on at the time if it was not intended to back up their borrowing capacity with other world authorities in monetary borrowings they had made? In other words, they have just kited checks. The gentleman knows it, and the only way this money is made available is through further grants, further economic assistance, further defense support, and so on and so forth on the part of the taxpayers of the on the part of the taxpayers of the United States. That is the only reason why they are paying anything today, and the gentleman knows it.

Mr. O'HARA of Illinois. I would like to answer my friend from Iowa. I think the gentleman will remember that I was one of the first who called attention to the loans made by the Export-Import Bank to Great Britain and I questioned at that time the propriety of doing it. But the gentleman from Iowa will concede, nevertheless, that the Export-Import Bank has made a very enviable record. It has shown a substantial profit. It has not lost a nickel. It has made a profit. It has done a great job in developing the economic resources of other countries. The best fruit of that is that in their investments in the present year when our domestic economy was sagging it was saved by a 27 percent increase in our export orders.

Mr. GROSS. The only reason why they are paying it is because we are continuing to prime their pumps with legislation exactly like this and as long as we continue to pour the money out to them they will go through the motion of paying it back.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Ohio.

Mr. VORYS. Since 1945 we have had total foreign loans of \$15,155 million, consisting of loans and grants converted into loans. That is about 25 percent of the whole foreign-aid program. Up to the end of March we have been repaid in principal \$4,311 million and in interest \$1,840 million. That is \$6,151 million paid back on this so-called giveaway program.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Only 46 hundredths of 1 percent have been charged off as being uncollectible. In commercial loans in the United States you do not have a much better record than that.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The question has been raised on the extension of payments on the British loan. As the gentleman from Iowa knows, we have debated that very extensively. I was one of those who made the point that we could not tell what the provisions were of the British loan at this time because times have changed; therefore, we had to make a compromise settlement. I might say to the gentleman from Iowa that none of the \$500 million authorized for Britain was used. So we are not priming the pump.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. I would like to ask the gentleman from Ohio if the British Government has paid us the loan made to them in 1917 and 1918 or any of the principal since 1932, when there was a campaign against Hoover because he did recommend that they forego taking the interest that year, and since then no interest has been paid and none of the principal.

Mr. VORYS. I do not remember the year, but there was in the early years considerable interest and principal paid. We had these figures when we had the British loan extension down here. There is considerable in principal that has not been paid.

Mr. NICHOLSON. Is it not true they have not paid the principal on a debt they incurred 40 years ago?

Mr. VORYS. In World War I. On the World War I loan they have had a moratorium that is still going on. I am talking about what has happened since World War II.

Mr. NICHOLSON. The gentleman from Ohio is telling us about the money that has been paid. It is shown that nothing was paid in since 1932. Now, how can England pay us the interest on this loan? They have had separate loans.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Iowa.

Mr. GROSS. I want to thank the gentleman for yielding to me and I hope he will yield to me now so that I may address a question to the gentleman from Ohio who seems to have all the answers about these financial questions. I should like to ask the gentleman how much of our counterpart funds have been used to retire the internal debts of foreign countries?

Mr. VORYS. I do not know. We will look it up.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. With respect to the comments of the gentleman from Massachusetts [Mr. NICHOLSON], may I say that in the thirties there was a worldwide depression and a lot of countries simply could not pay their external debts. And a lot of people in various parts of our own country had a moratorium declared on the debts they owed on their farms, not because they were bad citizens or wanted to evade their debts. They just could not pay them. Some of those debts were never paid and were written off. But that does not mean those individuals, caught in the depression then, are not good risks now. They have recovered and they have good credit at the bank. We are reporting the record on loans made in the last 10 years under the mutual security program. Twenty-five percent of the loans have been repaid. About 60 percent of the loans are still outstanding. As has been explained, they were not supposed to be paid back in 10 years. Some run for as long as 40 years. But, thus far, the defaults have been far less, I am sure, than anybody on our committee expected, especially since we were dealing with countries that were demoralized and their economies disrupted by the war. They were practically prostrate. They have recovered remarkably. They are not trying to get American money without repayment. They are proud, law-abiding, self-respecting peoples. They want to pay back if they can, and in part through the assistance they have received from us, they are pretty well on their feet now and they are paying their bills. I am proud of the total record—for our sake and for their sake.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. Regardless of how we may feel about the mutual security program, the gentleman from Iowa and the gentleman from Florida have posed two very significant questions which I think ought to be answered, and on the basis of the testimony which was given before the Committee on Foreign Affairs, I believe I can answer them.

One was, Is there any hope of an end to the mutual security program? The testimony indicated that we may expect to continue a mutual security program of the kind which we are now discussing for many, many years, and there is no termination of it in the foreseeable future.

In the second place, the question was asked as to how long this so-called development fund program would last. The gentleman from Missouri explained that the appropriation of \$500 million and the borrowing authority of an additional billion dollars for 1959 and 1960 will last for 3 years. That is true. However, let me point out that these appropriations and these funds which the President may see fit to borrow from the Treasury are going into a revolving fund where they will stay until they are expended, and the testimony brought before our committee indicates that the

very purpose of this development loan fund is to begin a long-range program which will last indefinitely.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I think we should specifically answer on what the status of Great Britain's indebtedness is from World War I. From World War I, on principal, they had \$4.8 billion worth of debt contracted. On that they have paid off about \$434 million worth of principal and they have paid \$1,591,000,000 worth of interest to date. Not due is \$3,289,000,000, and on interest due and unpaid at the present time is \$1,079,000,000. The interest and principal due and unpaid from Britain at the present time from World War I indebtedness is \$3,719,000,000. I had asked that very question of George Humphrey, Secretary of the Treasury, when he was before the committee. If the committee at present will look at that indebtedness, they will find out that out of \$4.8 billion worth of World War I contracts, Britain has paid on principal and interest about \$2 billion on it. So, it is not such a bad situation as brought out here as to Britain's World War I indebtedness. And, she is up to date completely; that is, Britain has paid everything, principal and interest, from World War I right straight through. She has not defaulted \$1 or 1 pound.

Mr. PILCHER. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Georgia.

Mr. PILCHER. Now, are we not getting soft loans and hard loans mixed up? This is supposed to be a soft loan, is that not right?

Mr. CARNAHAN. There are some who will so interpret it.

Mr. PILCHER. In other words, the Export-Import Bank makes the hard loans; that is, collateral loans which they expect to have repaid. But these other loans are so-called soft loans. In other words, we are going to have two windows. They can first go to the Export-Import Bank window, and if they will not make the loan, then they can go to the other window and say that they want a loan, and we will say to them, "We have got so much for you of a soft loan." Is not that going to hurt our good loans that we have already made to some of these countries?

Mr. CARNAHAN. Of course, we have the same situation in our own economy in the matter of loaning facilities.

Mr. PILCHER. With reference to this manager, he may loan this money to any country—that is, any foreign government or foreign government agency, to any corporation, any individual or any group of persons; is that right?

Mr. CARNAHAN. That is correct.

Mr. PILCHER. In other words, it would be possible for an individual to borrow \$1 million or \$5 million to set up some business in some foreign country, if the manager so agreed; is that correct?

Mr. CARNAHAN. If they met the criteria set up for loans.

Mr. PILCHER. This manager may collect or he may compromise a loan. Does not the word "compromise" mean cancel?

Mr. CARNAHAN. It would not mean that he could do nothing except cancel in attempting to negotiate a payment.

Mr. PILCHER. He has the authority to collect or compromise any obligation in this fund. In other words, he can make a loan this month and if he so desires he can turn around and compromise it or cancel it next month which is a straight out grant in the disguise of a soft-loan program.

Mr. CARNAHAN. That is not my intention in the use of this loan fund.

Mr. VORYS. Mr. Chairman, will the gentleman yield to me?

Mr. CARNAHAN. I am happy to yield to the gentleman from Ohio.

Mr. VORYS. With reference to the manager, he is not going to go around making loans on his own responsibility. As we say in the report, "the Loan Committee is intended to act in the capacity of a manager of the fund." The manager will be their chief executive officer. But it will be the Loan Committee, supervised by the National Advisory Committee on International Monetary and Financial Affairs that will be double checking all of the loans. No single man is going to go around making these loans.

Mr. CARNAHAN. That is the intention of the committee.

Mr. JUDD. Mr. Chairman, will the gentleman yield to me?

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. I hope everybody understands that the only reason it is necessary to set up this development fund is because we are trying to keep a lot of countries going and in the free world who may not be the best credit risk at the moment. The bill itself says that if they can, they must get the money they need from private sources; that is, regular sources from which any sound firm borrows money, such as the banks. If they cannot get it there, then they may go, say, to the Export-Import Bank which will make loans on longer terms or under special circumstances that commercial banks could not. Then they will go, if necessary, to a third source, the International Bank for Reconstruction and Development which will make a somewhat more difficult or unusual loan; when it believes it is indicated, taking into consideration the whole world situation.

Now, if they cannot get funds from the regular sources or cannot make a direct loan from the Export-Import Bank, or from the International Bank, they then come to this development fund. The Loan Committee which manages the fund is made up of hard-headed bankers. If in their opinion and our State Department says the loan will promote our foreign policy, and our Government think it is advantageous, in short, if the borrowers can actually justify it and demonstrate that they cannot get the loans elsewhere, then the Development Fund Loan Committee is authorized to make the loan. The development fund can make these unusual

loans only when it is decided that the loans are of sufficient importance to our national security and national well-being to justify the additional risks.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Virginia.

Mr. HARDY. The statement made by the gentleman from Minnesota [Mr. JUDD] may be correct as to what the committee had in mind. But as I read the bill the manager of the Fund has almost unlimited authority to do anything he pleases. The only thing the committee can do is, under the guidance of the Secretary of State, set out some rule, and, if the manager sees fit under the language you have written into this bill he can disregard every single principle that has been set out by the committee.

Mr. JUDD. Yes; conceivably he could, I suppose. But the bill on page 8, line 10, says he must take into account:

(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms.

If the fund were to have a manager who ignored the plain intent of the Congress and the mandate of the law and did not take those into account, what the gentleman fears might happen, but that would be a case where we the Congress ought to step in and impeach him.

Mr. HARDY. I doubt that you would have grounds for impeachment, because you give him ample authority, and further, later on you give him authority to do anything he wants to do. It is the most loosely drawn thing I have ever seen.

Mr. JUDD. He has to follow the basic financial terms and conditions established by the loan committee.

Mr. HOFFMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. Mr. Chairman, the Members of the House are talking back and forth and asking questions and giving answers without addressing the Chair.

The CHAIRMAN. The gentleman from Missouri has been recognized. The gentleman from Missouri yielded to the gentleman from Minnesota. The gentleman from Minnesota is now making a statement.

Mr. HOFFMAN. But the gentleman from Minnesota just started in without getting any permission or asking the Chair if the gentleman would yield.

Mr. HARDY. Mr. Chairman, will the gentleman yield to me for another observation?

Mr. CARNAHAN. I yield to the gentleman from Virginia.

Mr. HARDY. I think we could argue that for a long time. I think the language is so overdrawn that it is subject to a wide variety of interpretation. But I should like to ask a question concerning some figures that were given a moment ago by the gentleman from Ohio [Mr. VORYS] in connection with loans heretofore made under the Mutual Security Act. He spoke of a considerable amount of repayments. I should like to

know first of all whether those repayments were made in dollars or in local currencies. Can the gentleman tell us?

Mr. CARNAHAN. I yield to the gentleman from Ohio.

Mr. VORYS. I understand those are dollar repayments. If that is not correct, I will doublecheck it, but I think that the local currency is handled in a different way.

Mr. HARDY. I should like very much if we might get a clarification on that by sometime tomorrow so that we might get a clear understanding. I have some idea in my own mind as to whether these funds are paid back in local currencies or dollars. I wonder if the gentleman would be good enough to find out about that, and also whether, when the funds were paid back, they went into the Treasury, or what was done with them?

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I should like to ask a question of the gentleman from Pennsylvania [Mr. FULTON]. A few moments ago he said Britain was up on these payments. If that be true, why was it necessary not so long ago to ask for an extension of time?

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Pennsylvania to answer the gentleman from Michigan.

Mr. FULTON. Britain has the right to cancel out payment of interest and postpone interest. The Secretary of the Treasury of the United States, of the gentleman's own party and his own administration, came before our committee and recommended that a compromise agreement be made which would settle the terms of the payment, so we would all know what would be paid, giving them certain rights of postponement. It is the gentleman from Michigan's and the gentleman from Pennsylvania's own administration that made the compromise, so we are both behind it; are we not?

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I understand all that, but the gentleman said Britain was up on these payments. If that was true, why did she need to ask for an extension.

Mr. FULTON. May I answer that?

Mr. CARNAHAN. I yield to the gentleman from Pennsylvania to answer.

Mr. FULTON. On the current payment made by Britain, the part in dispute was put in escrow by Britain voluntarily, so it was put in a separate account. It was then under the agreement and it was not in default and never has been.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. HAYS of Ohio. I am for the development loan fund, but I must agree that the manager's discretion indeed is rather loosely drawn. It is going to be a little bit like the case of a boy in the

house I lived in at the university. He borrowed money from everybody in the house. His credit got so that nobody would lend him any money. He came around one day and he wanted a loan, and said "This will be a cash credit." I said, "What is the difference between a cash credit and ordinary credit?" He said, "Cash credit is the kind where I will pay you if I get the cash."

Mr. JUDD. I think it ought to be made clear at this time, while this matter is before us, that the language on page 13 of the bill which sets up this loan committee, states that the committee "shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the fund." We spell out in our committee report on page 23 what we understand that to mean. The loan committee "would have authority to consider any and all loan applications, approve or deny them, and establish the essential conditions and terms of each approved loan." Now that is the plain meaning and intent of the language. It is possible for an official sometimes to get outside of the plain intent, but surely this legislation is drawn about as tightly as it was possible to draw it and still allow the loan committee to function successfully.

Mr. PILCHER. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. PILCHER. The gentleman from Minnesota did not read the next paragraph in the bill which is as follows:

In carrying out his functions with respect to this title, the Manager of the Fund may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate—

And so on down the line. He can lend it, he can give it away or he can do anything he wants to without going to the committee, if he so desires. That is my interpretation of the language and, of course, I am not a lawyer.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. O'HARA of Illinois. It seems to me we are overlooking the heart of this entire matter. It states here:

In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a manager of the fund to perform such functions with respect to this title as the President may direct.

Now we go on and, I think, a little bit loosely, to spell out what that means, but the functions are prescribed by the President and the appointment is made by the President himself by and with the advice and consent of the Senate, and the President appointing the manager of the fund sets forth the functions that he shall perform.

Mr. GROSS. And that is more power than any President should ask for or want the responsibility for.

Mr. O'HARA of Illinois. I think the day will never come when we cannot trust the honesty of the President of the United States.

Mr. GROSS. Oh, well, now, let us not go into that.

Mr. O'HARA of Illinois. Well, that is what I believe.

The CHAIRMAN. The gentleman from Missouri [Mr. CARNAHAN] has consumed 45 minutes.

Mr. VORYS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I want first of all to state that half of the 3½ hours in general debate allotted to the minority, is to be allotted to the further minority headed by my dear friend, the gentleman from Wisconsin [Mr. SMITH]. Those who wish to speak in opposition to the bill during general debate will please check with the gentleman from Wisconsin [Mr. SMITH].

Mr. GAVIN. Mr. Chairman, will the gentleman, before proceeding with his general discussion, yield at this point?

Mr. VORYS. I will yield to the gentleman when I have made just one more statement, and that is that the secret volumes used in our hearings are at the two committee tables and are available to any Member of the Congress who will avail himself of them with the obligation, of course, not to disclose the material marked "secret." Now, I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I would like to ask my distinguished friend from Minnesota this question. We have the International Co Cooperation Administration. We have the Export-Import Bank. We have the International Bank. We have the International Monetary Fund and the International Development Corporation and the World Bank.

Mr. VORYS. And the Board of Governors of the Federal Reserve System.

Mr. GAVIN. Yes; and we also have the Board of Governors of the Federal Reserve System. Now, we want to step in and set up another agency to duplicate the work that all these various organizations are carrying on. I have looked over this International Bank brochure sent out by Mr. Black. He seems to be a practical, realistic, clear-thinking sort of American. I like his ideas and his plan of operation. Why would you want to establish another organization when you have in the field people and agencies that are qualified to take over this proposed agency and operate it without further organization? I cannot see the need, when you have 5 or 6 in the field, to establish another one.

Mr. VORYS. Mr. Chairman, I cannot yield any further at this time.

We have got the International Bank and the Export-Import Bank, each having their functions, but we have not had an agency like this, although we have been making some development loans.

Many people say that these loans are just giveaways. I have pointed out that 25 percent of our foreign-aid program since World War II is in the form of loans amounting to \$15,155 million. We have received back \$6,151 million, in interest and principal on these loans.

I became interested in aid loans when former President Herbert Hoover came before our committee in 1947 after he had made a trip for President Truman to study relief around the world. He said in substance, "When you furnish

foreign aid, always create an obligation to repay, either through counterpart, or through loans. Now, they will call them soft loans, but if you make it a loan, then the country tries to show how good its proposition is in order to get a loan. They may not do that when asking for a grant. If you make a loan instead of a grant, if they have to pay it back they will ask for as little as they can, whereas in asking for a grant they will tend to make it as big as possible." So in the past 9 years, beginning with the Marshall plan, when amendments of mine required a billion dollars to be in the form of loans, there is about \$2 billion foreign aid loans, with which I have had something to do, and I therefore welcome very much the fact that we are going to have this development loan fund, which has functions that none of the rest of these loan funds have, but which is intended to cooperate with them. That is why we have provided that the manager, the executive officer, shall be guided by and is controlled by this loan committee and that the full functioning of the thing shall be coordinated through the National Advisory Committee, the membership of which the gentleman from Pennsylvania has just described.

Now, why are we interested in these undeveloped countries? Russia a couple of years ago started to offer technical assistance and aid loans. Secretary Dulles said if imitation is a form of flattery, we should be flattered. After we had been doing it for a decade, Russia started to imitate us. They have used about a billion dollars in technical assistance and development loans. But here is what Khrushchev says to the leaders of those undeveloped countries. He said it in about so many words, "The United States is a wonderfully developed country, but it took it 350 years to develop. Now," he said, "you look at us. Russia has had its whole development in 40 years. The way we did it is that we have got this Communist system so that we can control the masses and make them work hard and give up things so that they will develop fast. If you will let us in we will show you how you can develop your country fast under our Communist system, and we will start you off with a little technical assistance and some economic aid."

We do not want those countries to develop as Communist countries. They, however, constitute a challenge to us. If we say, "You can develop and remain free and independent," they will say, "Will you help us?" The reason that we need a big amount and to last a while is that the fund must be big enough and last long enough to prevent our own officials, or other countries, from rushing plans to get in before the money or the time runs out. We want them to come up with long-range plans that they think out carefully, and the reason we have got these various loan agencies represented is that we want the people there who will say, "You ought to get a private loan from an American bank." Or they might say: "Maybe that is something you could sell stock on," or "That is one for the World Bank," or "That is for the Export-Import Bank," or "Maybe we can work out a combination where it will be fi-

nanced partly by private investment under guaranties and part picked up by this type of development loan."

And we do not want them to have to rush.

There is criticism because the President has not used all of the southeast Asia development fund. I commend him for going slow. If he cannot get the right kind of projects he ought not to lend the money. That is why we want the program we have outlined here. We want it to last long enough and to be big enough to stimulate sound planning. If it is not big enough the countries will be discouraged from thinking about using it, and if it does not last long enough they will try for short-range objectives. We want it to last long enough so that they do not have to rush into it without thinking the project through.

You will notice there are three annual increments of \$500 million. This means that Congress is going to have an opportunity to review this whole program, each year Congress will have its finger on the pulse of the program. We want to have the concept that it will last long enough and will be big enough in amount that we will encourage these countries to develop the free way rather than the Communist way that Khrushchev is hoping to get them to adopt.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. FULTON. I want to compliment the gentleman because this development loan fund is actually along the idea that the gentleman from Ohio has proposed almost from the beginning of the Marshall plan, a moving away from grants to loans.

Mr. VORYS. That is right.

Mr. FULTON. He wants to get it on a basis where the money will be repaid if it can be and get away from grants.

Mr. VORYS. And 15 percent of the whole bill is in loans this time; nearly half of the economic aid is in loans; so we are getting toward the direction that Herbert Hoover pointed out to us years ago. This is one of the important parts of this bill.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. Briefly.

Mr. GAVIN. This is the first time the committee has come up with a sound approach to this problem. The programs heretofore presented have been based mostly on grants. So it looks as though over the past 10 years we are learning a little.

Mr. VORYS. I confess to a little pride of authorship for this administrative system for running this fund. The idea of having a manager in ICA and then this loan committee, and then this advisory committee; is all good. The language on page 23 of the report describes the administration of the fund. It has been very carefully thought out, and that is the way it is understood, not only by the committee but also by the executive branch that this thing is really going to function.

The loan committee is intended to act in the capacity of managers of the fund in deciding whether a proposed loan meets the criteria laid down. The loan

committee will determine whether either private capital, the Export-Import Bank, the International Bank for Reconstruction and Development, or any other free world source is available and whether the proposed loan will have adverse effect on existing outstanding loans and future operations of such other sources in addition to passing on the requirements for the specific project or activity. That is to be the administration of this plan. Another strong feature is the nature of the reports it must make. So with all the requirements and criteria which surround such loans we think it will be a workable operation.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. MEADER. As the gentleman knows I have been consistently in favor of emphasizing the role of private capital investment in the development of the economies of all of those countries we are trying to help. I want to commend the gentleman for the language appearing on page 8, lines 20 and 21, which read as follows:

The fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title.

Here is the question I want to ask.

Mr. VORYS. Read the next part: "and it shall be administered so as not to compete with private investment capital." That is in the bill.

Mr. MEADER. The question I have in mind relates to the previous section, 201, declaration of purposes. In that section it is stated that it is our policy to encourage through self-help, and mutual cooperation, the efforts of other peoples to develop their economic resources, and so forth. There is not a specific reference to doing so through private capital and investment and the encouragement of the free-enterprise system. I wonder if the gentleman would have any objection to including such language in that declaration of purpose? I have drafted an amendment which will emphasize that it is the policy of the Congress to encourage the development of economic resources through private capital investment.

Mr. VORYS. Will the gentleman let me sleep on that? We have it in one part of the bill but I do not know whether we should put it in another part or not.

Mr. MEADER. It is in the declaration of purpose section.

Mr. VORYS. Mr. Chairman, I want to mention some other things. We have had a massive reappraisal of this whole foreign-aid program in the past year. We had it in the House committee. The Senate had a special committee and spent \$300,000, using various important expert institutions to make studies. The President had the Fairless Committee where Fairless and John Lewis traveled around and held hearings and joined in a unanimous report.

During the hearings on this bill we have had organized intelligent expert criticism of the administration of this program by the General Accounting Office. We have been aided by the Government Operations Committee. For

instance, all of part I of the hearings, all 109 pages, are devoted exclusively to an analysis of these criticisms. These criticisms and the analyses of them went on throughout the hearings and we have profited greatly by this study.

On the other hand, you will find in part 6, page 1300, comments on a lot of other criticism that came up from time to time.

I want to pay my tribute to the retiring head of the ICA, John Hollister. When he appeared before us my criticism was, and other Members joined me, that "you are too modest. You have not told what you are accomplishing with this program."

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. VORYS. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, in response to that demand you will find in part 5, pages 962 to 982, 20 pages spelling out in detail what ICA has been accomplishing. I think it should have appeared earlier in the hearings, but I do not want it to be overlooked. I will not have time to read to you the 20 pages of accomplishments.

Then you will find in part 5, pages 982 to 996, 14 pages of improvements in the ICA administration as to personnel, as to the projects and general administration that have taken place under Mr. Hollister. As I say, one criticism of him has been that he has not let enough people know about what he is accomplishing and the improvements made in the administration, many of them the result of expert criticisms made of the program.

So there has been this reappraisal. Meanwhile the opposition is still with us. You would think that as a result of this reappraisal they would have come up with a new plan, with an alternative to the plan we have been following, as to how they would protect the security of the United States. But if they have ever come up with one I am unaware of it. I hope they may bring one out in general debate. However, I attempted to study this whole thing and to reappraise it myself to see what else might be done, instead of the way we are doing it.

I took this up with Admiral Radford, and in part V, pages 734 to 736, I said to Admiral Radford:

Mr. VORYS. Admiral Radford, you have referred collaterally to the alternatives 2 or 3 times. Right on the first page of your statement you say that our force levels would have to be expanded at greatly increased costs were it not for the free-world forces.

We have those in Congress who would vote against this whole program. We have those who urge, on this Status of Forces Treaty, that the thing to do is to bring our boys home, arm to the teeth here, and wait for the Soviets to come over if they want to.

Could you give us any estimate in dollars and cents as to what that strategy, that alternative, would cost the United States? To pick up everything, come home, and arm to the teeth here—the Fortress America idea?

Admiral RADFORD. Mr. Vorys, I see those same statements made occasionally and they bother me a great deal. I can only assume that people who say things like that have not really taken the time to study the problem of the world we live in today.

In the first place we have two situations that we have to plan for. One is the effort

to plan and to maintain this major deterrent force. That is the force that we rely upon to prevent the Communists from attacking us. I say "us" because I am sure in the Communists' eyes we are the main stumbling block to the achievement of their aim of world domination. If the United States didn't exist, why, they could achieve world domination. And they also know if they tried to attack in any quarter of the globe there is a likelihood that we would throw our offensive forces against them. It follows that the great retaliatory strength which we have in being and which we have to maintain prevents them from taking that kind of action.

On the other hand, a major deterrent force per se is not absolute insurance enough to prevent the Communists from achieving their aim of world domination. They would have the opportunity—if that were our only program—to defeat us. In a sense sole reliance on a United States based major retaliatory force is the fortress America program—I might say in passing it is not now technically possible to achieve that state of affairs without some bases overseas. I have covered that in my statement. Perhaps 10 years or more from now it might be possible, with guided missiles of long range and longer range aircraft and other improvements in submarines. It is possible at some indeterminate time in the future that we could build sufficient military strength based either on United States territory, or in the international waters of the world that we had to get no permission to use, to deter Communists from attacking us.

But the main hope of preventing the ultimate success of the Communist power in the world is to maintain the freedom of the rest of the free world. There are several reasons for that. No. 1, if we were successful in maintaining a fortress America concept and let the rest of the world go hang, so to speak, we would find ourselves sooner or later in an impossible position to just live in the kind of world which would eventuate. There are many things we have to get from the rest of the world. Raw materials from abroad for instance, become increasingly more important to us as we use up our own resources. We would have to trade with the rest of the world. If they were all Communists, they could hold us up.

We would like to sell things to the rest of the world. If it was controlled entirely by the Communists they would let us know whether we could sell or not. They would control foreign trade. So from a purely living standpoint, I don't think we could stand the economic situation that would be almost bound to come about if we adopted a fortress America military concept.

On the other hand, as Dr. Judd mentioned a little while ago, the military deal with rather tangible problems and we are up here today talking about the military assistance program. We can tell you pretty definitely what we are going to do with the money we get. We buy equipment and we help train people to use it. We thus generate force that is in being. This force tends to give the politicians, the Government leaders and the diplomats time to work on the rest of this problem. They must use that time to good advantage because this is not a static situation and, their adversaries are very clever.

Admiral RADFORD. That is all there is to it. If we were to go on a military fortress America concept (which as I have said is not technically feasible at this time although it may be at some future time), it would cost a tremendous amount of money, much more than we spend now. But the worst disadvantage of the adoption of such a concept is that the rest of the world would gradually swing to the Communist side and we couldn't live in the world that was left.

Mr. JUDD. It might not be gradually.

Admiral RADFORD. No.

Mr. VORYS. Just to tie the thing up, you used the word "incalculable." You are a military man, but if you can't figure it, and you know the cost of weapons and so forth, certainly no economist could figure it because he doesn't know enough about your business. The fortress America concept is just incalculably more expensive than this present operation, is that not right?

Admiral RADFORD. It is, and it isn't technically possible at this time. It may be, as I said, at some time in the future, but it isn't right now. No matter how much we spend on it.

Now, that is the only alternative that I know of that is offered to us by our brethren who are against this whole collective-security program and against having us maintain those bases. I maintain that when you study it over you will find that our collective-security military-aid program is an economy measure in that there is no other way we can get so much defense for so little money. We have been told this: The Soviets have a bigger army than we have—175 divisions; we have 17. They have the second biggest navy. They have a tremendous air force. They have the A-bomb and the H-bomb. The only thing we have that they have not got is our strategic system of 250 bases, located so that, if they launch an attack on us, we can start retaliation before they hit the United States.

Now, we have men in all those bases, but the primary defense of them is by the forces in the countries where they are located and in those neighborhoods. It costs us \$6,600 a year to maintain an American soldier overseas without a gun in his hand. We contribute to the 200 allied divisions that are armed, \$458 per soldier, through this mutual-security program. So, wherever we can replace an American at \$6,000 per year with an ally that costs us \$458 per soldier, based on this year's request for military assistance and defense support, we are saving money on our security.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. It should be pointed out, too, that, if we required American troops to replace these foreign troops of our allies, we, in the United States would have to increase our draft tremendously.

Mr. VORYS. That is right.

Mr. FULTON. So a vote for this bill is really a vote to keep down the draft of United States men.

Mr. VORYS. Here is another thing that is not well known. We have supplied the free world not with \$17 billion in military supplies but with \$18 billion, but \$1 billion of it was paid for by other countries under what we used to call reimbursable sales; we now call it just sales. And in the coming year it is proposed under this program that we shall sell approximately \$340 million worth of weapons to our allies. I want to see this program move in the direction that indicates where we will do more in the form of sales and more in the form of loans. The post-World War II record shows that we get paid back on loans. The defaults are trifling, one-twentieth of 1

percent. Also I want to see other countries start to pay us for the weapons that we furnish them.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. I made a statement awhile ago and I checked up the figures in the World Almanac for 1956. I had made some comments about what England owed us from the First World War. These are the figures. The total indebtedness is \$8,086,559,000. Due and unpaid \$1,079,000,000. Unmatured debt \$3,289,000,000. And just the interest that is due and unpaid by England, \$3,718,559,301. That is from the First World War.

Mr. VORYS. I said before to the gentleman that I am not attempting to defend the failure of these countries to pay their World War I debts. There are excuses that can be made. What I am saying is, and I am saying it to everyone, that the record since World War II has been an entirely different kind of record.

Mr. FULTON. Mr. Chairman, will the gentleman yield to clear up that point, so I may give the authoritative figures?

Mr. VORYS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. In the hearings before the Subcommittee on Foreign Economic Policy, of which I am a member, on the amendment to the Anglo-American Financial Agreement, which hearings were held March 18 and 19, 1957, in response to my question, George Humphrey, Secretary of the Treasury said, as shown on pages 26 and 27 as follows. He gave the United Kingdom debt record both for World War II and for World War I. Now if I may read his exact statement, to refute the statement of the gentleman from Massachusetts [Mr. NICHOLSON]:

World War I debt contracted \$4,802,000,000. Repayments principal \$434 million. Interest repayment \$1,591,000,000. Not due yet \$3,289,000,000 of principal. Due and unpaid \$1,079,000,000 of principal. Interest due and unpaid from World War I \$3,719,000,000.

Mr. VORYS. As between George Humphrey and the World Almanac I think I will string along with our fellow Ohioan.

Mr. Chairman, at this time I yield to the ranking Republican member of the Committee on Foreign Affairs, the gentleman from Illinois [Mr. CHIPERFIELD].

(Mr. CHIPERFIELD asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CHIPERFIELD. Mr. Chairman, the purpose of this bill, S. 2130, amending the Mutual Security Act, is to make important contributions to our own security and that of the free world. As the President has pointed out we must continue this program for "the safety of our country, the preservation and strengthening of world peace, and the minimizing of risk to American lives and resources in future years."

Many people consider military and economic aid to foreign countries as a foreign aid bill. Because some of this aid is in the form of grants they again generalize and think of it as a give-

away program. The term "foreign aid" is a misnomer.

Through this program our own defense as well as that of our allies has been greatly strengthened. The free people of the world have stiffened their will to resist and join in a common effort to maintain peace in the world. We have erected a firm shield against communistic aggression behind which freedom-loving people may work together for a common goal—permanent peace. The assistance which we have furnished and are furnishing our friends increases their ability to defend themselves against subversion from within and aggression from without.

Certainly recent events in Hungary and the Near East clearly demonstrate that the communistic threat has not lessened, and we must continue to provide military assistance to our allies and expand and improve our programs for assistance to undeveloped countries where, because of explosive conditions, war might break out.

We must face the fact that Russia has 175 line divisions, over 25,000 planes, atomic weapons, and the second largest navy in the world with over 400 submarines. We also must realize that in Red China they have an additional 200 divisions, and also about 2,500 operational aircraft.

What have we done to meet this threat? When we started the Mutual Security program in 1950 we were determined to increase our defenses by protecting our bases abroad, by working together with our allies in collective security agreements such as NATO, SEATO, and so forth. It was also necessary to safeguard our strategic materials which are so necessary for our defense. Our overall purpose was to build up the strength of our allies and to do so at a minimum cost.

Have we been successful? In 1950 our allies had 960 combatant navy vessels. In 1956 they have 2,300. They had 3.5 million active ground forces in 1950 and now they have 5 million. They had 10,995 conventional aircraft and now they have over 12,000. But the most important figure is that in 1950 our allies had only 477 jet aircraft and now they have approximately 11,000.

Mr. Chairman, when we take into consideration we and our allies have more and better airfields, new early warning systems, better communication systems, improved support units, and better trained troops it can readily be seen we have gone a long way in building up our mutual defense.

This has cost huge sums of money. During the last calendar year, more than \$3 billion was furnished to foreign countries in military assistance. That is a huge amount of your and my money, but let us see what we got for it. That money helped support more than 200 divisions, 2,000 naval vessels and 300 air squadrons. It would be impossible to maintain all of these forces without our help. In like manner it would be absolutely impossible for the United States to maintain such forces itself. The United States last year spent \$8 billion on the Army which has about 19 divi-

sions plus a number of independent combat units. Simple arithmetic applied to the 200 divisions of our allies would show what a tremendous cost those divisions would represent to the United States if we were to try to maintain them out of our own resources and our own manpower. Obviously the United States could not afford such a crushing burden either in taxes or manpower. The cost of these divisions is cheap when compared with what we would have to pay ourselves if we tried to maintain them with our own money and our own boys.

Between 1950 and 1956, we spent under the military assistance program about \$17.4 billion. I have just indicated what we got for our money. During that same period, how much did we spend for our own forces and what did we get? We spent \$254 billion for 969 combatant ships, with an Air Force of 26,630 aircraft, and a ground force of 1 million. How was it possible for our allies to obtain a larger force with an expenditure of \$17.4 billion on our part, when our own smaller force cost us \$254 billion? The reason is that NATO and other allies spent during that period \$107 billion for military purposes making a total combined expenditure by ourselves and allies of \$124.4 billion. In other words, it cost us twice as much for our own forces as the combined expenditures of our allies of whose share we paid only \$17.4 billion.

Again you might ask how this was possible. The answer is simple. One of the reasons for the lower cost both to ourselves and to our allies is the difference in the cost of maintaining an individual ground soldier. It costs us \$3,511 to maintain a United States ground soldier without arms. That cost rises to \$6,660 still without arms, when other costs, which many other nations do not have, are added. Contrasted with this, it costs \$530 for Japan to support a Japanese ground soldier, \$142 in the case of Taiwan, \$105 in the case of Turkey, and \$117 in the case of Korea. In other words, about 60 Turkish soldiers or more than 40 free Chinese soldiers can be maintained for what it would cost to keep 1 American soldier in the field. It would be false economy to say that we should replace the Turkish or Chinese soldier with an American GI.

Even though many people say that the countries to which we send aid are not helping themselves, the fact is, they are spending a large share of their own resources on defense.

Just one more comparable figure as proof. In 1956, we spent on our NATO defense \$1.7 billion while the NATO countries spent \$13.1 billion. In other words the European NATO countries spent almost \$8 for every dollar's worth of guns, ammunition, and planes we sent them.

This bill authorizes an appropriation of \$3,242,333,000. This is a reduction by the Foreign Affairs Committee of \$622,077,000 below the request of the Executive for the year 1958. It also must be recalled that the President reduced his original request voluntarily by \$535 million. So the figure the committee is actually considering today is

\$1,157,077,000 below the original request. The amount authorized is also \$524 million below last year's appropriation for this purpose.

When the Foreign Affairs Committee considered this program we cut the military and defense support by \$600 million. Will this weaken our security? I do not believe so. Last year we cut the military end of the program approximately \$1 billion and we were subsequently told by the military that they were able to carry out the entire program as planned. As a matter of fact the military was able to save not only the \$1 billion we cut but an additional \$467 million. This was through better management, better planning, better screening, better funding, and better administration; and also by initiating savings in spare parts, ammunition, consumables, refinement of advanced weapons, et cetera. I therefore believe the Pentagon can continue to make improvements and absorb the cuts we have made.

I would also like to point out that the appropriations for military assistance are relatively small when compared with our own defense budget. In fiscal year 1956 we appropriated \$33,149 million for our own defense and \$1,022 million for military assistance. I am not going to contend that \$1,022 million is an insignificant amount of money or that greater value cannot be achieved for our taxpayers' dollars through more efficient means of controlling expenditures. I am saying, however, that we got a lot for our money.

Mr. Chairman, we also hear numerous statements about the waste of personnel under our foreign military assistance programs. The fact of the matter is that United States military and civilian overseas personnel in our overseas missions amounts to 7,915 persons. This, when compared with the 200 divisions, 2,000 naval ships, and 300 air squadrons which they help support, seems small. We also hear that the military assistance program deprives our communities of improvements and needed resources. The fact of the matter is that at least 85 percent of every dollar expended for military assistance is spent in the United States and finds its way back to your home or my home in one form or another. This program creates additional jobs for our sons and brings additional wealth to our farmers, our merchants and to our workingmen.

So far as the economic part of this program is concerned, we have changed our policy and have created a revolving fund to cover a 3-year period. While the amounts are increased in the 3-year authorization, we are doing this so that long-term loans can be made rather than yearly grants. I think it is highly important that we get away from grant programs so far as possible and arrange loans in their places.

I wish to call attention to the fact that the President requested for this revolving fund \$750 million for 1959 and 1960. Your committee cut the authorization \$250 million for each of these 2 years, which could possibly represent an additional savings of \$500 million.

I have expressed myself on numerous occasions that I believe the point 4 pro-

gram, if confined to its original purposes whereby we give technical assistance, our knowledge and skills to undeveloped countries in the fields of agriculture, health, sanitation, and education, we get more for our money than under almost any other program. However, we should not expand this program into a worldwide WPA, and that is the reason for establishing a revolving loan fund.

Mr. Chairman, as I have indicated, with a highly explosive situation especially in the Near East, and with our new Eisenhower Near East policy, we must do everything we can to protect this area from communistic control. That this program has been effective is shown by the fact that only Vietnam and Tibet have been turned over to the Red bloc since 1950, and we are at peace.

I believe these programs should be continued for our own self-interest. Without them we might find ourselves standing alone in a hostile world with neither friends nor allies to support us in our resistance to the totalitarian, alien doctrines of the Kremlin. I only hope that we in the Congress have the wisdom to continue this program and thereby help ensure that war is averted.

Mr. VORYS. Mr. Chairman, I yield 22 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. —First of all I want to thank the gentleman from Ohio for his generosity in giving the minority of the minority one-half the time that has been allotted to him. It was very generous on his part.

I call your attention to the fact that the minority report is bipartisan in character. Two Democratic members of the committee have signed with four Republicans. In addition, supplemental views have been submitted by five other members of the majority party. I think the history of this legislation indicates that this is perhaps the first time that this has occurred and I think it is evidence, Mr. Chairman, of the fact that there is considerable difference of opinion on the merits of the bill and especially that part of the bill which deals with this so-called new look at the development-fund proposition.

Mr. Chairman, at the outset it should be understood that any remarks that I make on the bill are strictly my own. It should not be inferred that any Member who joined in the minority report shares my views on this legislation.

The time I have to state my position is much too short to cover all aspects of the bill. Briefly, however, I call your attention to serious defects which constrain me to oppose it. First as to the provisions of the bill and finally as to its basic philosophy.

Mr. Chairman, a very serious objection to this measure is the almost complete abdication of congressional control over the program. If approved in its present form the sole responsibility for its deficiencies is squarely upon us. The Congress over a period of years, under both administrations, has approved departmental requests for broad authority, in many instances not justified. Many

complaints are heard every day in this Chamber about administrative misconduct. But upon investigation it is often found that the Congress has surrendered its authority to the executive department.

So with this bill, Mr. Chairman, this Congress is asked to surrender its control over, first, the military assistance program; second, over defense support; third, over technical assistance; fourth, over special assistance; and fifth, it is requested to surrender its control over this new look in foreign policy, the development loan fund.

Do you want to surrender all this authority to the executive department? The decision rests with you. As for myself, I shall never vote to surrender control over appropriations in such reckless fashion which involves billions and billions of taxpayers' dollars.

Then, Mr. Chairman, I call attention to a very important matter in connection with the request this year for \$3.2 billion. Over the years we have authorized and appropriated so much money for the program that the administrators cannot spend it. Little wonder there is a demand for economy and here is a place to meet that demand.

The point I make, Mr. Chairman, is that there is \$6.2 billion in the pipeline. There is \$1 billion in counterpart funds, plus another \$1 billion in Public Law 480 funds which are available for loans.

In other words, Mr. Chairman, there is presently available for use by the administrators of this program \$3.2 billion. And the record is clear that this amount is sufficient to run the program for 2 years. But now you are asked to authorize \$3.2 billion more and if you do there will be a sum available of \$11.4 billion. Why authorize any further appropriation in view of this situation?

There is one further fact that I call to your attention, Mr. Chairman. The request is stated to be for \$3.2 billion, but actually it calls for a 2-year authorization of \$1 billion. So if this bill passes as it is today you will have authorized \$4.2 billion.

Mr. Chairman, I think it might serve a good purpose to consider briefly what has happened under this program in the past, where we are today, and whither are we bound.

In a recent report by the United States Department of Commerce attention was called to the tremendous sum of money which the taxpayers of this country have spent in an effort to stabilize world conditions and prevent the further spread of communism. In the table prepared by the Department of Commerce, which I shall insert at this point, it appears that the total net aid from July 1, 1945, to June 30, 1956, is \$69,136,000,000:

	Million
Grants paid out July 1, 1945, to June 30, 1956.....	\$46,768
Grants unexpended as of June 30, 1956.....	6,400
Appropriations provided for fiscal year 1957.....	3,766
Total grants.....	56,935
Less: Returns on grants to June 30, 1956.....	1,648
Net aid in grants.....	55,287

	Million
Loans paid out July 1, 1945, to June 30, 1956.....	\$12,592
Grants converted to loans and not included in grants above.....	2,256
Loans authorized but not paid out June 30, 1956.....	2,900
Total loans.....	17,748
Less: Principal collected on loans to June 30, 1956.....	3,899
Net aid in loans.....	13,849
Total net aid.....	69,136

This generosity on the part of the American taxpayer is unparalleled in human history. It is difficult to grasp the enormity of \$69 billion. We would be appalled by the suggestion, Mr. Speaker, that 17 of the biggest cities in the United States were to be shipped overseas as gifts to foreign nations. Actually, the extent of our gifts is equivalent to the assessed valuation of all real and personal property in New York, Chicago, Philadelphia, Los Angeles, Detroit, Baltimore, Cleveland, St. Louis, Washington, San Francisco, Boston, Houston, Pittsburgh, Milwaukee, New Orleans, Buffalo and Dallas. That, Mr. Chairman, is what \$60 billion or more means to me. This information has been furnished me by the Legislative Reference Service of the Library of Congress.

Now in spite of this effort the world has not been saved from the evils of communism, in fact it continues to spread in many areas of the world. For what good then have these great expenditures been made?

Now consider where are we today in this uneasy world situation? Have we increased our national prestige? Are we winning the fight against communist expansion? Are we to continue a program that might well bankrupt and destroy our own economy by approving a program that is to continue far into the future and which every day adds more and more to our national debt?

What do our national leaders say about our present situation? Quite recently when we here considered the extension of the British loan resolution the beloved Speaker of this House, and he is one of our great leaders, stated American prestige is slipping all over the world. Here are his words as they appear in the CONGRESSIONAL RECORD of April 10, 1957, on page 4901:

I am pained to say that we have few enough friends in the world. I fear that we have fewer real friends in the world today than we have ever had in the history of this Government.

Incredible, but true, notwithstanding our magnanimous contributions to world stability, in money, property and human life.

Recently an observer at the United Nations said that the United States' prestige was at a new low as Ambassador Lodge charts a foreign policy course in that organization. Is this not a strange situation? Sixty-nine billion dollars should bring substantial results in the way of prestige, friendship, and security. We have gained none of these important intangibles. How can we justify further expenditures as requested in this legislation?

Mr. Chairman, we should consider these things as we again debate this request for new authorizations and an entirely new approach to global spending.

Where are we headed? An important provision in the bill before us charts a new course in foreign aid. For the first time the proponents of this legislation advocate a scheme of spending that has no end. The American taxpayer is asked to assume the burden of supporting the economies of 60 countries all over the world. This is necessary because it serves our national interests, proponents say. Do the American taxpayers want to assume this staggering obligation without strict congressional control?

We might recall a bit of Roman history at this point. It is said by historians that the end of Rome started when she began to subsidize outlying tribes and nations of Europe and depended upon non-Roman mercenaries for her defense.

The persistent demand for economy by the people is unabated and in my opinion they are going to demand an accounting when the next campaign rolls around. What, then, of our stewardship?

The foreign aid program must be judged on the results achieved to date. I refer specifically to that part of the program that deals with other than military aid.

There are serious contradictions in the mutual security bill. It cannot be successfully denied that there has been great waste in the administration of more than \$69 billion since 1945. And, of course, some good has been achieved, also. But it has supported Communist regimes which are antagonistic to our form of government. Some of these governments are repressive and unpopular with their own people. Our gifts have caused confusion in the monetary systems in those countries where our aid has been given. Further, there has developed an anti-American attitude. These evils can be traced to contradictions in concept and program. Time does not permit me to dwell on these inconsistencies and contradictions. However, I should point out that the American people have never had a clear understanding as to the purpose of this international program of benevolence. It has been said on the floor of this House many times that the objective of the program is our own national security but this concept has never been spelled out to the satisfaction of the American people. Many believe that it is humanitarian and on that ground alone some of our great church organizations and church people support it without question.

Is it not strange, Mr. Chairman, that the program of foreign aid which is designed to combat the advance of communism throughout the world in effect applies socialistic or communistic techniques to achieve its ends? The program that has been in effect and which is proposed for the indefinite future is one of crass materialism based upon the socialistic principle that economics is the controlling factor in life. Give people food, clothing and shelter and that is all they need. Yet we do not live

by bread alone. Under this program the spiritual side of man is completely ignored.

Only yesterday, Pope Pius urged Roman Catholics of all classes and all nations to react against "the terrible temptation of materialism." Yet it seems to me that the foreign-aid program undertakes to place sole emphasis upon the materialism which the Pope has condemned.

But it uses the fruits of a christian society of individual effort based upon private enterprise. We seek to condition whole societies and governments where we think they should be conditioned to our military, economic and political way of life. This is a wholly inconsistent position and it cannot succeed. There is one phase of the program which if administered on a modest basis could succeed, and this is the program of technical assistance but with this new look in global spending it will soon go down the drain. There is too little money for the experts to play with in it.

Mr. Chairman, I repeat again that the theory of foreign aid is inconsistent and contradictory and is not producing the results we seek.

For some unknown reason we have failed to transmit to the rest of the world the great American idea. That idea is based upon the principles of liberty and freedom for the individual. Our forefathers did not guarantee us a livelihood. They did not guarantee the highest standard of living in the world, but in the Declaration of Independence they guaranteed nothing except life, liberty, and the pursuit of happiness. Emphasis was upon the pursuit of happiness. They did not guarantee that an all-powerful government would make these blessings possible without work and for free, as we say. Nor should we at this time lead people all over the world to believe that we can raise their standards of living, that we can and will supply their material needs and defend them against their enemies, from within and without.

In our early history we were not the recipients of gifts from abroad with which to create the kind of standards we enjoy today. Basically we know these things were made possible only because we have been willing to work for them, yet how strange a philosophy we have promoted under this program. Our position seems to be that dollars will save the world and we have been pouring out the fruits of our labors in all parts of the world on a "come and get it" basis. This is the antithesis of the ideas and ideals upon which we have built our great Nation.

Recently a Catholic priest who came to see me after having observed the work abroad of this program, said:

Mr. SMITH, unless we change our program of assistance we will make paupers of the countries who receive it. The people who are receiving this aid fail to realize the purpose behind our giving.

It occurs to me that the words of Brigham Young, a great church leader, are appropriate. He said:

God has given you the wood, stone, and strength to make a house, but he won't come down and build it for you.

This is a concept we have failed to convey to the recipients of our assistance.

Thus we present a paradox to the world and this accounts, in my opinion, for the failure of the program to produce the results for which we have been spending these \$69 billion or more since 1945.

In 1948 under the Marshall plan we gave many billions for the reconstruction of the European economy after a devastating war. We provided a crutch to assist needy nations to rehabilitate themselves. It has worked in some instances. Now 12 years later what do we propose? An extension of a \$1½ billion economic aid program on a global basis which is to continue forever, into the distant future. So, instead of helping nations to walk without a crutch we have made them more helpless and for that crutch we now substitute a wheelchair. We are willing to help people who want our help, especially those people whose governments are prepared to pass on to their people the benefits of our aid. We want them to walk alone in self-respect as soon as possible. It is often said that we want to raise the standards of living of people in underdeveloped lands. We cannot raise the standards of living of other people. A standard of living is a byproduct of personal effort and only the people themselves can achieve that end.

Mr. Chairman, it will not be denied that there are some governments today which are interested only in the welfare of those who are a part of the ruling clique. Why should they have any interest in developing their own resources? Why should they make it possible to provide better living standards? Why should they risk the chance that they may have to pay more taxes? Why should these present ruling authorities be interested in disturbing the status quo so long as your Uncle Sam stands ready and willing to give them what they ask for upon the threat that they will embrace communism if the request is denied? This government-to-government relationship is one of the evils inherent in the program. The answer lies in a program of individual enterprise. Private capital can achieve what no public treasury can do. This fact needs no elaboration.

The reformation of society and the establishment of a better way of life in any country begins with the individual. It does not begin with governments, as such. It is produced only by a regeneration of the spirit—by a change from within.

In passing, I might humbly suggest that if peace, progress, and prosperity are to come to this confused world it will come only when the spirit of man wants peace, progress, and prosperity. One writer has well said that man is not reformed by being bathed and shaved and provided with a clean shirt, but that when man is reformed he takes a bath, he shaves, and he sees that his shirt is clean.

This program defies the lessons of our own history. A majority of Members of Congress since 1945 have supported this legislation on the assumption that it would prevent unrest, that it would make for peaceful existence among nations, that it would prevent

world communism. As we look at a confused and harassed world we must admit that this objective has not been achieved after more than a decade of almost unlimited giving by the people of these United States.

How futile have been our efforts to create stability in any area: Europe, Asia, the Middle East and North Africa, and why? We do not have the right to interfere in the internal affairs of other people, no right to become involved in the efforts of minorities who seek freedom and independence, no right to interfere in racial jealousies, no right to interfere with the military affairs of any nation. We have no right under this program to insist upon justice in the administration of local laws, nor to impose our will upon the taxing authorities, nor are we prone to oppose corruption by public officials, inflation of the money, or protest official caprice or official impotence. These situations are beyond our control.

Mr. Chairman, we have failed to apply to our overseas efforts the lessons of our own early history. We have failed to transmit to the world the concept that economic growth and spiritual development rest solely with the individual. In this program we substitute government action for individual effort.

Hon. Spruille Braden said recently, and I quote him:

The Soviets and communism will never be defeated by United States give-away programs. On the contrary, our give-away programs are founded on the communist doctrine that the productive workers shall support the incompetent and the loafers. Both Lenin and Stalin violently opposed all development by private enterprise and investment. They said that the backward nationalities could be communized only through prolonged aid from the advanced countries, aid such as Washington is now disbursing. Due to ignorance of communist policy and the basic Soviet plan our government has been and still is subsidizing the U. S. S. R.'s long-range campaign against the United States.

Mr. Chairman, in conclusion I repeat what has been said by those of us who have filed minority views on this program that passage of these multi-billion-dollar Mutual Security bills was not and could not be the answer to our basic national need for peace and security. There is still a great need for study and investigation of the underlying philosophy of this legislation. This year as in the past, committees charged with the responsibility of reporting this legislation have been submerged in a mass of details of the program. It has been impossible to intelligently pass upon the merits of the bill in the short period of time that we have had to consider it.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Texas.

Mr. ALGER. Mr. Chairman, I want to commend the gentleman for his statement and wish to join with him in his sentiments. I applaud the way he has expressed his thoughts.

Mr. SMITH of Wisconsin. I thank the gentleman very much.

Mr. CARNAHAN. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, I wish to congratulate the Committee on Foreign Affairs for their statesmanship so clearly shown by the results of their diligent and strenuous work on this year's foreign-aid legislation.

As this House well knows, I have been closely associated with our foreign-aid program since the early stages of planning back in the closing days of World War II. I also had the privilege of serving in 1947 on the Herter Committee which provided the foundation for this country's effort to rehabilitate the economy and the social conditions of the world not enslaved by Soviet imperialism.

The words "foreign aid" are a misnomer and so is, probably, "mutual security." "Mutual assistance" would be more descriptive. I believe that the few of us who may have had a notion that through the tremendous outlay of the American taxpayers' money we are helping the outside world only, have long since come to the conclusion—always clear to me—that by helping our friends and allies we are primarily helping ourselves.

This is predominantly clear in my mind whenever I think about the assistance we are lending international migration. In this respect, I feel entitled to convey to the House a part of my experience gained over the last decade during which I have been closely associated with all legislation dealing with international migration and our own immigration problems, as well as with most international efforts aimed at relieving the population pressures where they exist and to supply underpopulated countries with manpower needed primarily to develop national resources and food production.

It is my considered opinion that the era of mass immigration into the United States is a matter of the past. The fast rise of our own population and the overconcentration of our population, both native and immigrant, in urban and industrial centers make it imperative for this country not to exceed the present rate of our annual intake of immigrants, allowing, of course, for flexibility carefully controlled and operating solely in behalf of those who seek safe haven and asylum from persecution, or who come to the United States to join their close relatives.

However, there are vast areas in the world where there is not only crying need for manpower but where agriculture must be developed in order to prevent starvation threatening the growing population of the world. These vast areas are located right next to our own doors. Latin America offers magnificent opportunities for the teeming masses of overcrowded southern and western Europe. Latin America needs European migrants who will impart to the native population their skill and experience in agricultural endeavor.

The fact that we are struggling with the problem of agricultural surpluses shall not mislead us into believing that the outside world has enough food to sustain the bare minimum necessary to maintain a human being alive. Three-

fourths of the population of the world goes to bed every night inadequately fed, after having consumed less than one-half of such minimum. The problem of mass starvation due to lack of agricultural production begins to haunt many lands from which we are not too far away.

The basic reason for which we have created the Intergovernmental Committee for European Migration in December 1951, was to provide an instrumentality to restore the balance between the overcrowded and the undermanned nations of the world through orderly migration of those who could not move without international assistance. Among those were not only natives of countries lacking in economic opportunities, but also the refugees who had to flee from Soviet Communist persecution.

So far the Intergovernmental Committee for European Migration has moved from Europe well over 600,000 migrants and just a few months ago, ICEM performed magnificently in a true emergency operation moving out of Austria and Yugoslavia over 150,000 Hungarian refugees. ICEM with a membership now comprising 27 nations is setting its sights a little higher hoping by the end of this year to move around 750,000 European migrants who without this organization's assistance would have remained in Europe further to swell the population surplus.

It is clear to me, and I believe that my colleagues who have attended the many sessions of ICEM's Council over the last 5 or 6 years agree, that except for Latin America, Australia, Canada, and certain countries of Africa, resettlement opportunities for European migrants are shrinking rapidly. The only area where a truly dramatic expansion of those opportunities is possible to occur, are several countries of Latin America such as Brazil, Argentina, Colombia, Chile, Peru, Costa Rica, and so forth, provided that the virgin lands of those countries are to be opened and prepared to receive rural settlers.

Last year the Congress recognized the necessity of promoting agricultural resettlement in Latin America by enacting an amendment to the Mutual Security Act of 1954, as amended, under which an allocation of \$15 million was made for the purpose of promoting economic development in Latin America for—among other things—land resettlement programs which will contribute to the resettlement of foreign and native migrants in Latin America serving the advancement of the economic development and the agricultural and industrial productivity in that area.

The amendment, usually referred to as the Smathers-Walter amendment, was received with unanimous applause in Europe and in Latin America. It was looked upon by the interested nations as not only one more proof of American generosity but mostly as evidence of American farsightedness and our continuous leadership of the free world.

It was rather unfortunate that the agencies of the executive branch charged with the implementation of the law passed by the Congress, have not been

prepared to stimulate and encourage the submission of acceptable land resettlement plans. It took many months before the International Cooperation Administration recognized that the Congress authorized an important economic and social program. Delays piled up upon delays, and there may have been even a lack of comprehension and realization of the importance of that program and its impact upon relieving the United States of the ceaseless pressures upon our own immigration quotas.

An extensive study undertaken by our committee shows that although \$14,850,000 of the \$15 million fund authorized under last year's legislation has been spent, actually only \$1 million to \$3 million has been authorized to be spent for projects which the Congress specified in subdivision (C) of section 4 (4) of Public Law 726 of the Eighty-fourth Congress. The balance of the funds was authorized to be spent for, no doubt, meritorious projects but not even indirectly enhancing the resettlement of European migrants in Latin American rural areas.

The Senate and now the Committee on Foreign Affairs of the House have acted very wisely in authorizing the expenditure of up to \$25 million for economic development in Latin America, again including land resettlement programs benefiting immigrants. In addition to that, I am particularly glad to notice that some of these projects will have access to loans from the Development Loan Fund also provided for under the bill now under consideration. I wish to congratulate the Committee on Foreign Affairs for their wisdom, and I wish to urge the House to accept the Committee's recommendations.

There is an additional matter which I want to bring to the attention of the House at this point. One of the countries plagued with overpopulation is Holland. The Dutch population is rising very fast and the influx of Dutch families displaced from the Dutch East Indies, now Indonesia, has added a heavy burden to the economy of this small but brave, hard-working, and courageous nation.

Dutch immigrants represent one of the best resettlement material as we so well know in this country and particularly in my own State of Pennsylvania. Many nations, and particularly Australia, are seeking additional population from the Netherlands. However, due to the poor housing conditions in Australia the Dutch immigrants experience great hardship.

There is but a relatively small sum of money involved. What is needed is a loan of around \$3 million which may possibly go up to \$5 million, but it must be a long term loan—20 to 30 years—with interest rate no higher than 4 percent. The Dutch immigrants in Australia will repay the loan out of their own earnings and so far their record in repaying every loan they have received is truly magnificent.

The Government of Australia has agreed to match a sum which will be put up by the Government of Holland if that

Government could obtain an outside loan.

Dutch migration to Australia is declining right now solely for the reason of lack of proper housing and will continue to do so unless proper housing is provided for the Dutch farmer "down under." I believe that the lending authority provided for the Development Loan Fund in the bill, S. 2130, as amended by the Committee on Foreign Affairs, will make it possible for the Government of Holland or for Australia to obtain a loan for a purpose clearly falling within the specification of the task of the Fund. I wish at this time to address a plea to whoever will be in charge of the Fund on behalf of the combined Australian-Dutch financial problem and I cannot think of any money lent to a more worthy borrower for a more worthy cause.

I regret that my good friend, our former colleague, John Hollister, has decided to resign from the International Cooperation Administration and I do hope that his successor will recognize in the action which the Congress is going to take this year on the Mutual Security legislation a mandate and not just a pious hope for land resettlement of migrants in Latin America.

Certain good projects have been prepared and are being submitted to the ICA. These are pilot projects—they are not going to solve the problem within the next year or two, but they represent the beginning and the nucleus of a program of primary importance, a program which in relieving population pressures in Europe and providing for manpower for the underdeveloped areas, will go a long way toward improving the economic, social, and political conditions of the free world.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Minnesota.

Mr. JUDD. I think it is most helpful that the gentleman from Pennsylvania has brought before us this afternoon an illustration of the kind of basically sound project the Development Loan Fund was set up to take care of. The project, understandably, does not come within the scope of the ordinary commercial bank.

Mr. WALTER. May I point this out to the gentleman, that but for the length of the period this would be a most desirable loan for one of the large banking institutions of the United States.

Mr. JUDD. That is precisely right, but the length of the loan is one of the conditions which may make it undesirable perhaps for commercial banks. Most of them cannot make foreign loans for over 30 or 40 years. However, knowing the kind of people both the Dutch and the Australians are, this is as good a loan as could be made anywhere—if only the world does not blow up or war break out.

Mr. WALTER. Especially in view of the fact that over 50 percent of the amount involved will be advanced by the Government of Australia.

Mr. JUDD. That is right. It would be a natural if the two nations involved are

not able to get the funds from private sources, from the Export-Import Bank, or from the International Bank.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. O'HARA of Illinois. The gentleman from Pennsylvania has conclusively answered the argument that the loans of the proposed development loan fund are in reality grants. I wish to commend the gentleman for giving this practical illustration of the type of loans that will be covered by the development loan fund.

Mr. WALTER. I certainly did not wish to convey the idea that this would be a grant, because in no sense of the world would it be a grant. It would be a loan to a government, and the government would have the assurance of the settler that the money would be repaid to the government; but actually the governments of the Netherlands and of Australia would be the borrowers.

Mr. O'HARA of Illinois. I think the gentleman from Pennsylvania misunderstood me. I said that the illustration he gave me was a conclusive answer to those who erroneously or falsely say that the loans will be grants.

Mr. WALTER. I think so; yes.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Pennsylvania.

Mr. FULTON. May I congratulate the gentleman from Pennsylvania on his long-time service on the Intergovernmental Committee for European Migration. We on the Committee on Foreign Affairs know how much good this Committee has been doing. I think it is a good thing that the House and the American people hear how these programs are worked out to help people help themselves and take them out of places where there is no possible chance for them to get along. Again I congratulate the gentleman on an excellent statement.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Maryland.

Mr. HYDE. I, too, join in congratulations to the gentleman from Pennsylvania on the fine work he has been doing in this field. The program of which the gentleman has been speaking is a sensible approach to the population problem of Europe. We have heard too much, I think, about letting down the floodgates at our own borders and bringing undetermined numbers into this country, where we are beginning to have serious population problems of our own, including unemployment. We have not heard enough about this program of which the gentleman is the author to get the surplus European population to the undeveloped areas of the world. I certainly hope the House will follow the gentleman's recommendations.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Chairman, this bill comes to the floor after many weeks of exhaustive hearings and study on the part of the committee. Something over

\$600,000 was cut from the requests leaving us with a total for authorization of \$3,242,333,000. It is my hope that the House will pass it with little change.

It is to be expected that there are those who object to the whole mutual security program. No one is more fitted to express these objections than our distinguished and beloved colleague, the Honorable LAWRENCE SMITH of Wisconsin. I thank him for his statement.

I truly believe that no one on the committee has failed to register and to regret the mistakes of judgment and of administration. Some of these are receiving drastic treatment and others will receive careful going over by those in authority.

May I say, however, that our withdrawal from these activities is no cure—rather must we see to it that the work go forward with greater care and consequent better results.

OBJECTIVE NOT ACHIEVED

We Americans have a strange desire to share our good things. We cannot enjoy our ease when so many others are sick and starving. True as this may be, the fact is that the basis for this program is not a foreign-aid program as such—as so many have let themselves believe.

To understand fully the meaning of a mutual security program one must accept the fact and the implications of the cold war. Whether we like it or not, we are in a position of leadership with responsibilities for which we have had little training, and which we cannot refuse to assume. We are a young Nation and we have had our eyes focused upon our own development overlong. When we looked beyond our borders it was largely to see where we could better our own economic situation. Then we fought Spain and freed Cuba and the Philippines. And in 1918 we sent our youth across the Atlantic and freed Europe, but we failed to recognize our responsibilities to win the peace. So we sent another generation over to win again. Then, blind to the character of the rulers of Communist Russia, we, who had the strongest military force the world had ever seen, once again failed to protect the freedom for which so many gave their lives, and brought our armies home. We refused to believe the cold fact that Communist Russia knows no honor, no decency, no mercy—that she never deviates from her ultimate goal: complete domination of the world. We failed to see in her zigzag path, in her apparent retreats, that she was being more than ever determined in her march to this end.

We have seen the consummate skill with which she has insinuated herself in any convenient guise into the confidence of the few in one state after another—beclouding the real issue until she is in control, free to rape and murder and destroy. We have watched her use our mistakes to her ends while we stood by unable to redeem ourselves. We have watched her take over one country after another until she controls one-fourth of the earth's surface and rules 850 million people.

Surely one must recognize the fact that it was our Marshall Plan that made it possible for Turkey, Greece, France, Italy, and West Germany to withstand Communist pressures. Can one fail to recognize the extra courage given Iran and Iraq so that they are holding out against Russia's anger at the Baghdad Pact? Is it not clear that their increasing strength is of value to these United States of ours?

At the moment the United States has the largest industrial economy in the world. So let me ask further: Where are the raw materials to come from that have become so essential in this scientifically mechanized world of ours? How shall we feed this evergrowing industrial machine whose fantastic production exceeds \$400 billion a year? How shall we keep the foundries, the steel mills, the machine tool industries, the automobile factories, the thousands of other businesses going without the necessary minerals and metals, fibers and fuels? And if they can't get those which we do not have and factories are forced to close down one after one, where will the jobs come from for the hundreds of thousands who would be thrown out of work? I fear there is all too little realization of the cold fact that the wheels of industry must have the wherewithal to maintain our peace-making role in the world—ininitely more true should war overtake us.

If I seem to be ignoring the altruistic part of this program, education, health, and so forth, I believe no one will accuse me of lack of interest in these exceedingly important areas if I confine my remarks to what is perhaps the basis upon which our ability to continue to help these countries to raise their standards of living.

RAW MATERIALS

So great has our need become for essential raw materials that the Government has stockpiled in more or less degree some 70 items which have great strategic importance.

I have had prepared a map which shows where various portions of the total United States supply of only seven of these imperatively required materials comes from: natural rubber, tin, manganese, tungsten, chrome, cobalt, and industrial diamonds.

All of the natural rubber we use comes from outside the United States. Most of it from three countries in the Far East: Thailand 20 percent, British Malaya 27 percent, Indonesia 36 percent, Liberia 6 percent. Both Malaya and Indonesia are being heavily pressured by Communism. Should they succumb to these pressures, we would be deprived of a major present source of supply of natural rubber. And we are a country that runs on rubber tires, rubber belts, rubber tile, et cetera.

Now take tin: the United States produces no tin though we do reclaim some. One country alone provides 58 percent of our tin, the same Malaya that is our supply for 27 percent of our rubber, the same Malaya that the Communists are licking their chops for.

Another vital material is manganese ore of which we have but 11 percent of

what we need. 89 percent has to come from outside sources. Our largest single source of such supply is India. I am told that for every ton of steel we produce it takes 13 pounds of manganese to deoxidize the crude steel—and more still must be used as an alloy to harden and strengthen large tonnages of ordinary steel. In addition manganese is necessary as an oxidizing agent in various chemical processes as well as in the manufacture of dry cell batteries.

And bauxite of which we produce about 25 percent of our requirements. The rest we buy from Jamaica, British Guiana and Surinam.

An absolute necessity in the alloying of many materials is chromite. Chromium alloys resist corrosion, heat, friction, impact, creep, and wear. Look at the vast amounts we use of stainless steel—at the buildings made possible only by high-strength structural steel, at the alloys which withstand the high temperatures of jet engines and gas turbines, to say nothing of high-speed tools—and realize that 92 percent must be secured from other countries.

Our supplies of chromite comes from the Philippines, 28 percent; Turkey, 20 percent; Rhodesia, 17 percent; and the Union of South Africa, 18 percent.

And cobalt: 90 percent of our requirements must come from other lands. Almost 60 percent of it we get from the Belgian Congo in Africa. Where would we be for the permanent-magnet alloys used in motors, generators, control devices, communication equipment, meters, instruments, and mechanical devices without cobalt? Do you forget it is necessary in alloys that resist high temperatures, maintain their strength, resist wear, corrosion and erosion? I am told that the performance of almost any efficient high-speed steel is improved with cobalt and is roughly proportional to the cobalt content.

What about industrial diamonds that are essential to making drill bits and diamond grinding wheels for shaping and sharpening the very hard cutting tools and dies, particularly carbides, which are used in high-speed metal-working?

We do not have any, so where shall we get them? We need diamond wheels for glass grinding, or how would we make windshields for automobiles? And do not forget the diamond drills used in geological, mining, and heavy construction work, and wire-drawing dies. These take many industrial diamond tool stones and the bits that have become indispensable parts of many industries. It is Africa's Belgian Congo that is the primary source of supply for this important commodity.

This chart illustrates our extreme dependence on the underdeveloped, the emerging areas of the world. It illustrates the cold fact that our industrial civilization, despite our pride in our own accomplishments, could not survive without the materials supplied us by friends and allies.

It wipes out the superficial idea that this is a "foreign aid" program. It indicates that mutual security—our security, too—is the vital part of this program of

insuring that these supplies continue to flow into our industries which would not be the case if the Communists took over the source countries.

Look well at this map and then let your imaginations give you the picture of our situation should these countries so essential to the continuance of our peacetime production be subverted, be taken over by Communism. Is it not just plain commonsense to help them maintain their freedom?

I shall not touch upon the development loan fund—others will cover that. But at this point I shall insert a report, Economic Development Through Private Investment Activities of the Mutual Security Program:

ECONOMIC DEVELOPMENT THROUGH PRIVATE INVESTMENT ACTIVITIES OF THE MUTUAL SECURITY PROGRAM

In recent years, the Mutual Security Program has had increasing success in securing economic development by private investment in the countries in which the program has operated. This has been accomplished in several different ways through (1) technical assistance in exploration, mapping, aerial surveys, etc., of various resources and particularly mineral resources. Local or foreign, and partnerships of local and foreign investors have then developed, or are in process of developing, the resource which has been identified; (2) study missions have been organized to advise on the economic, technical and financial feasibility of exploitation of known resources. Such studies have aided governments in their consideration of various alternative plans for development in projects of such size that free world investment is needed and desired; (3) loan funds have been established from counterpart and program funds for lending to small investors; (4) investment guarantees have been issued providing for free convertibility and protecting against loss of profits and principal through expropriation or war of United States foreign investment; (5) private and mixed private and Government development banks have been established in cooperation with the World Bank, foreign governments, United States and foreign investors; (6) specific investment advice and general economic advice intended to improve the investment climate and make investment in certain countries more attractive has been given; (7) reservation of Public Law 480 loan funds for relending to private investors.

A complete listing of all such activities would take much more time than we have but some of the main activities of this sort can be enumerated rather briefly. Technical assistance activities in exploration of mineral resources, mapping and charting of resources has aided in or directly led to (1) establishment of a new rubber plantation in Liberia by the Goodrich Tire and Rubber Co. and the Liberia Mining Company and other American and foreign investors who have established companies in Liberia. Geological surveys in Brazil have resulted in establishment of manganese mines and reduction plants by Bethlehem Steel and other plants by U. S. Steel and Harbison-Walker. In Jordan a survey of oil resources by personnel from the United States Geological Survey, financed by ICA, has resulted in an oil exploration agreement between an American independent oil producer (Edwin Pauley and the Phillips Oil Co.) and the Government of Jordan. In Guatemala as a result of activity of an ICA industrial adviser, General Tire and Rubber Co. is planning to establish a tire and rubber products factory. Many more specific examples of this sort could be given and many more cases exist where investments will certainly be estab-

lished in the future as a result of past technical assistance activities of ICA.

One example of a study mission which is a particularly interesting and effective device in this work was that sent, at the request of the Belgian Government, to the Belgian Congo to advise on the feasibility of constructing a giant hydroelectric plant on the Congo River. Some of you may know Mr. Wm. Rand of Boston, former president of the Monsanto Chemical Co., who was chairman of the mission, and Mr. Elmer Lindseth, president of the Cleveland Electric Illuminating Co. who together with several ICA technicians made up the mission. This mission made a generally favorable report and recommended further careful study of both engineering and economic aspects of the proposal.

The proposal is to develop at a site some 75 miles up the Congo from the Atlantic up to 20 million kilowatts of electric power. Of course, in an underdeveloped country, such a large amount of power could not be used nor such a plant financed, and so the Belgian Government has had 6 engineering firms, 2 American, 2 Belgian, 1 Swedish, and a Swiss firm study the size and design of the plant which should be built as a first stage. No decision has yet been made but it is reported in the press that a first stage of 3 million kilowatts costing up to \$500 million may be constructed. The entire project would equal the power capacity of ten Bonneville projects, while the proposed first phase only, is one-half again as large and the estimates are that the power would be the cheapest in the world. The means of financing have not yet been selected, but it seems safe to speculate that much, possibly all, would be financed on the private market in the United States and Europe. The industries contemplated such as aluminum reduction, fertilizer and chemicals, wood pulp and paper products, Belgian Government representatives have said, would likely include among other free world countries particularly Belgian, French, Canadian, British, and American companies.

Surely there are many other projects of this scope in the free world in which our Government can be helpful by advice and assistance where foreign governments can secure private financial assistance to construct and develop, where private American and other investors would be anxious to locate foreign operations, which would add significantly to free world industrial capacity, trade, and investment, and strengthen in a security sense whole areas and even countries. Yet the expenditure by the United States Government on this project has amounted to less than \$15,000. The Belgian Government has already paid over \$750,000 including \$300,000 to two American engineering firms, while the powerplant, dam, and transmission lines for the first phase are estimated as costing up to \$500 million and private investment in industrial plants might approach that figure and easily amount to a great deal more in the end.

Loan funds to aid small investors establish a business have been established and have worked well in Taiwan, the Philippines, Jordan, Israel and elsewhere. In many cases, notably in the Philippines and Taiwan, productivity centers are operated in conjunction with the loan funds so that production advice and financial assistance are provided jointly.

Investment guarantees have been issued up to March 31 of this year to the amount of \$142 million and these guarantee against loss to American foreign investors from inconvertibility, expropriation, and war risk. The guaranty program has been especially active during the last year and promises to continue to be so. In the 14 months since March 31, 1956, investment guaranty contracts for American foreign investments in excess of \$1 million have been issued to: The

Olin Mathieson Chemical Corp. for a powder actuated tool factory in Germany; Von Kohn International Corp. for a rayon manufacturing plant in Taiwan; Dow Chemical International Ltd. for a plastics plant in Japan; Knott Hotels Corp. for hotel operation in United Kingdom; two contracts for Kraft Foods for food processing in United Kingdom; one for \$6 million to Edwin Pauley for oil exploration in Jordan.

Development banks under primarily private management have been set up in cooperation with the World Bank and private investors in Turkey and India and are being considered in several other countries. Such banks are valuable aids to economic development since they deal with and develop local private enterprise by making loans to small and medium borrowers, at longer terms than commercial banks in those countries can lend, and at more reasonable rates.

Specific investment advice has been given to many countries which have considered investment laws intended to attract foreign private investment. In addition all advice on general economic policy but particularly including that on taxation, foreign exchange rates and policies has an important effect on the investment climate of a country and, in general, such advice has resulted in improving the investment climate in many countries.

Early in 1956 ICA took the initiative in seeking to secure agreement with governments purchasing agricultural surplus commodities to their relending a portion of the Public Law 480 loan funds to private investors of their own and friendly foreign country origin, including United States nationals. Including both those countries which voluntarily did this and those who have committed themselves by agreement, some \$207 million has been reserved for such purposes in 15 countries including Austria, Spain, Japan, Brazil, Ecuador, Israel, Colombia, India, Pakistan, Greece, Italy, Turkey, Paraguay, Iceland, and Thailand.

Mr. Chairman, I would not be a responsible member on the Foreign Affairs Committee of this House did I not take a few minutes to bring to you at least a glimpse of today's position of the great emerging continent of Africa, whose 200 million people are going to play a leading part in the world's future.

For so long this oldest of the continents was no more than a coastline to the rest of the world. It was the "dark continent" shrouded in the perennial gloom of tropical rain forest and trackless deserts, peopled with so-called savages and a few explorers in pith helmets.

Now Africa is a vital portion of the free world, struggling to leap from the stone age to an industrial civilization. Its population and its production are increasing. Its people are thirsting for education, for health, and for material improvements. Its remoteness is fast disappearing. Already most of the continent is readily accessible.

We on the Foreign Affairs Committee are asked if we are proposing to carry all of Africa on our shoulders. Such a question comes from the general ignorance of Africa which must be changed to knowledge and understanding.

Any intelligent consideration of Africa, with her 200 million, most of whom have black skins, though there are whites, Indians, and coloreds in addition, brings almost immediate realization that it is an Africa at the crossroads whose decisions will be made within perhaps 10 years. Whether the choice be for free-

dom as the West conceives it, or for the slavery Moscow has so well and so subtly covered with tempting words of freedom, will quite possibly decide the future of us all.

May I again urge that commonsense suggests that we show the various people of Africa that we are ready to give them such assistance as they desire and we can give, to bring them into today's world.

How are we to get them to understand the desire of all Americans to share our good things with others than by helping them toward better health, more and better education and technical know-how in industry as well as in agriculture?

Surely such help would demonstrate our good faith in ways they can understand and use.

Mr. Chairman, S. 2130 includes an item of \$55 million for Africa, which is actually less than was spent last year—certainly a mere pittance in the face of the world's need to bring to them an understanding of the differences between the Communist picture and the western fact.

The program is of four kinds: Military assistance, defense support, technical assistance, and so-called special assistance. In addition to these four categories of aid, Africa will also be eligible for development loan assistance from the proposed Development Loan Fund. The military assistance part of the program is for Ethiopia and Libya. An Ethiopian battalion fought besides American boys in Korea. Their country is a bastion and an outpost of the free world. We have a giant base at Wheelus Field in Libya. The defense support component of the program is for Ethiopia, Libya, and Morocco. As you know, we have an extensive base complex in Morocco.

The technical assistance program is for Ethiopia, Ghana, Liberia, Libya, Morocco, Tunisia, Somalia, and the British overseas territories of the Central African Federation, Nigeria and Uganda. In large measure the technical cooperation program will consist of our furnishing technicians to these various countries in Africa to furnish training and advice in agriculture, health, education, and industry. In addition, African technicians will be sent abroad for training and study. These projects are intended to help Africans help themselves. They are not giveaways. They will help the Africans to alleviate disease and poverty, to teach their people how to read and write and to train their people in some of the more basic and simple techniques of agriculture and of industrial civilization.

MILITARY ASSISTANCE

Military assistance is furnished to Ethiopia and Libya. Ethiopia is a bastion of the free world—an Ethiopian battalion fought side by side with American troops in Korea. We have a vital base at Wheelus Field in Libya. These programs are vital and well justified.

DEFENSE SUPPORT

Defense support is furnished to Ethiopia, Libya, and Morocco. Defense support is needed to enable Ethiopia to maintain its military establishment; we have bases in both Libya and Morocco.

Ethiopia: Aerial mapping, malaria eradication and education.

Libya: Foreign exchange costs of projects including harbor improvement, expansion of vocational and technical education, construction of irrigation and domestic water systems, health and sanitation facilities, and development of telecommunications; import of commodities.

Morocco: Import of surplus agricultural commodities and of other commodities. Local currency generated by the sale of these commodities will be used for agricultural, transportation, industrial, and mining projects.

TECHNICAL COOPERATION

Ethiopia, \$3 million: The program will consist of assistance in the operation and development of schools in the fields of agriculture, mechanical arts, and health. Advice will be furnished to the Ministry of Education on the expansion and development of primary and secondary educational programs. Advisory services will be furnished to the Ministry of Commerce and Industry, the Ministry of Health and the Ministry of Education.

Educational institutions assisted: agricultural secondary school at Jimma, agricultural and mechanical arts college at Alomaya, and Gondar Health College.

Ghana, \$800,000: The program will consist primarily of teacher training and the furnishing of United States technicians in the field of agriculture and education.

Educational institutions assisted: A teacher training college under construction and the Kumasi Technical Institute.

Liberia, \$2,100,000: United States technicians will assist in agriculture, forestry, highway maintenance, education, and health. Assistance would also be furnished to small manufacturing establishments and service facilities.

Educational institutions assisted: The University of Liberia.

Libya, \$2,400,000: Training and assistance in livestock improvement, agriculture, farm-to-market roads, highways, and telephone systems.

Libya may request assistance under the development loan fund for the carrying out of some of these projects.

Morocco, \$1,300,000: United States technicians to assist in development projects, agriculture, industry, education, and transportation. Moroccans would also be brought to the United States.

Morocco may also request a loan from the development loan fund.

Tunisia, \$1,000,000: Twenty-five to thirty technicians will be furnished. They will specialize in range management, soil conservation, irrigation, agriculture, entomology, industry, mining, and vocational training. Technicians also will be trained elsewhere.

United Kingdom overseas territories, \$750,000: Technical assistance will be furnished to Central African Federation, Nigeria, and Uganda. Technicians will be furnished in the field of agriculture and education. Training would also be furnished in the United States.

Somalia, \$350,000: The technical cooperation program is primarily in agriculture and transportation.

OTHER ASSISTANCE

Tunisia: The other assistance provided will finance commodity imports for resale in Tunisia.

Somalia: A very limited contribution will be made to the Somalia development fund to finance foreign exchange costs of equipment for flood control, grain storage, and ground water development activities. Certain surplus agriculture commodities will also be furnished.

Unfortunately we have not taken seriously the possibility of a strong Communist threat to Africa in the cold war between godless slavery and freedom under God. We have shut our eyes—as the other western governments seem to have done also—to the fact that many young Africans, hungry for education, have gone eagerly to Communist centers to return to their own people, preaching the doctrines they have been taught so skillfully. Now it comes to western ears that Russia is giving scholarships to Africans in African universities, and helping finance these same institutions.

How can we expect any of the Africans, regardless of their race, to believe we want to appease their hunger for education, respond to their need for health, clarify their understanding of what we mean by freedom, if we do not give help to their schools, to their universities, to their hospitals, and their need for technical and professional training.

Mr. Chairman, it is my fervent hope that Africa may find the United States responsive to her needs and ready to forward her plans for her constructive development.

In closing, Mr. Chairman, may I say again that I trust this House will prove itself a body of thoughtful men and women who recognize the truly terrible responsibility that is the partner of leadership, not permitting themselves to be victims of an hysteria that plays into the hands of our enemy but rather, accepting the burden, determined that there shall be an end to poor judgment, careless administration and waste, in order that in this great program every dollar used to preserve freedom in the world may be spent wisely and well.

Mr. Chairman, I look to the passage by this House of a sound and sane mutual security bill.

Mr. CARNAHAN. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee, having had under consideration the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

COORDINATING INTEREST RATES OF FEDERAL LENDING WITH BORROWING PROGRAMS

(Mr. HIESTAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HIESTAND. Mr. Speaker, today I am introducing a bill to correct certain Federal fiscal policies which are long overdue for reform.

The bill would insure greater consistency among Federal loan programs, avoid hidden subsidies, and achieve more effective coordination between Federal loan programs and the fiscal and credit policies of the Federal Government.

What this means is this: Today the Federal Government is operating several loan programs that pay less interest to the Treasury than the Treasury has to pay the people of this country to get the money to lend. My bill would adjust the interest rates charged to borrowers so that they would have to pay at least as much for their money as the Treasury has to pay.

This only makes sense. There is no logical reason for giving any Government agency, or any group of citizens who borrow from that agency, a hidden subsidy in the form of excessively low interest rates, and charge the costs of this subsidy off the general taxpayers. Yet this is happening.

The most flagrant example of one of these programs is the Rural Electrification Administration, which now pays to the Treasury only 2 percent for the money it borrows, while the Treasury has to pay 3¾ percent to get the money to lend to REA. In other words, despite the fact that 96 percent of all the farms in this country are now electrified, REA is getting a hidden subsidy of 1¾ percent by law, because the rate of interest paid by REA is fixed by law.

An added fact should be noted here; namely, that REA is investing its surplus lending funds directly into Government securities. It borrows the money at 2 percent, invests it at 3¾ percent, and on top of this has its entire administrative costs paid by the taxpayers.

Another program, although it is not as flagrant an example as that of REA, is the college housing-loan program under the Housing and Home Finance Agency. This agency now borrows from the Treasury at 2¾ percent for college-housing loans. The Treasury, however, again has to pay 3¾ percent on today's money market to get the funds to lend at 2¾ percent. Similar cases exist with the Farmers' Home Administration. Its farm ownership and operating loans pay the Treasury only 3 percent for money that costs the Treasury 3¾ percent.

The rates of interest would be brought into line through the bill I am introducing today. It would be impossible for the Treasury to lend money to agencies at less than the interest rate it has to pay.

This same principle would hold for disaster loans made by the Small Business Administration, and for loans made by the Department of State through the International Cooperation Administration. Borrowers now pay the Small Business Administration 3 percent on disaster loans, but the Federal Government must pay 3¾ percent for this money. International Cooperation Administration loans bear 3 percent interest, but again the rate paid for the money to make these loans is higher—3¾ percent.

I should mention two other related factors which I believe make it imperative to pass this bill as soon as possible.

One is the tight money situation. By eliminating some of the Federal Government's subsidies and by attempting to normalize the demand for loans, this bill would ease further the tight money problem brought on by excessive demands to borrow money from the Treasury. The bill would restore loan programs to a competitive basis rather than have the interest rates artificially pegged. Establishing a sensible policy would stimulate more private saving, relieve pressures for subsidies, and be a step toward eventual relief of the tight money problem.

The other factor, an all-important one, is the matter of inflation. By adjusting the interest rates on its own programs, the Federal Government would save taxpayers an estimated \$150 million annually at the present rates. This is an extremely conservative estimate.

Any measure which can hold the line on inflation demands consideration.

This bill is the first of its kind to be introduced in the House. It is similar to S. 2427, introduced by Senator HOMER E. CAPEHART and scheduled to begin hearings July 22 before the Senate Banking and Currency Committee.

Mr. Speaker, I urge the Members of the House to give this bill thorough consideration as a means of stabilizing our fiscal policies, combatting the tight money situation and working to defeat runaway inflation.

UNITED STATES FOREIGN POLICY IN LATIN AMERICA

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon [Mr. PORTER] may insert his remarks in the body of the Record at the conclusion of the legislative business of the day.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PORTER. Mr. Speaker, because of the considerable interest being shown by some of my distinguished colleagues in my recent trips to Latin America and in my proposed amendments to the mutual security bill, I want to make the following statement, which is substantially the same as the report I sent last week to the members of the House Committee on Foreign Affairs. It seems plain to me that our policy in Latin America needs drastic changes in some respects. I recognize that I have much to learn in this field but I have already learned a great deal.

I read Mr. REECE's remarks in Friday's Record and, while I appreciate his interest in this subject, I regret the inaccuracies in his statement and his apparent misunderstanding of the issues I am attempting to raise. I shall deal with his statement in detail within the next few days.

Mr. Speaker, as you may know, I was propelled into the field of our Latin American relations by the mysterious disappearance in the Dominican Repub-

lic of my constituent, Gerald Lester Murphy.

It is not my intention to discuss at length the Murphy case. The essential facts were reviewed before the House Committee on Foreign Affairs several months ago and have received wide notice in the press. However, there have been a number of recent developments. On May 29 and June 10 Mr. Richard Roy Rubottom, now Assistant Secretary of State for Inter-American Affairs, brought the case up to date in hearings before the Senate Committee on Foreign Relations in answer to questions put by the senior Senator from Oregon.

Briefly, the facts are the following: The State Department has rejected the Dominican Government's explanation for the disappearance of my constituent. The State Department further stated, and I quote, "sufficient evidence has now been uncovered to indicate that Mr. Murphy may have been connected with the disappearance of Dr. Jesus de Galindez in New York on or about March 12, 1956." The Department has requested that General Arturo Espaillat, former Dominican Consul-General in New York, be made "amenable to the usual and lawful procedures in matters of investigation and trial" without the cloak of diplomatic immunity. After a delay of 2 months, the Dominican Government answered the Department's request with a refusal.

The Department of State has now concurred in my original charges against the Dominican Republic. We know who ordered Murphy's death and why. What concerns me today are certain provoking questions that arose during my investigations.

What emboldened the tyrant of a tiny Caribbean nation to believe he could commit crimes on the soil of the United States and upon United States citizens with impunity? What made Trujillo think he could, literally, get away with murder?

What encouraged him to spread a net of terror within the United States, terror which Edward R. Murrow so remarkably depicted recently in a nationwide broadcast using only the voices of those persons involved?

Why did our Department of State deal politely and lightly with a vicious Western Hemisphere tyrant caught red-handed in a bloody crime against an American citizen?

Do considerations of military defense weigh so heavily that we must abandon our traditional policy of fostering democracy in the hemisphere? Are our defense interests truly served by friendship and cordiality with despotic regimes in the Americas?

A policy that leads to condoning the most flagrant abuses of human rights and decency can never be successful in halting communism.

At the outset I was warned by high State Department officials, as well as by some of my most respected colleagues in Congress, that in the interest of "Hemispheric solidarity" I should soft-pedal this case. I was told that hemisphere defense against international communism demanded close cooperation among

all the American governments, regardless of the internal nature of those governments. I was reminded how resentful our Latin American neighbors are of any kind of intervention by the United States.

Yet the response from Latin America to my simple thesis that the interests of the United States would best be served by fostering democracies and cold-shouldering dictators has been startling. Mail from 18 of the 20 American Republics unanimously cheered my position. I received many invitations to visit Latin American countries. The only opposition in my mail came from two self-styled anti-Communist leagues here in the United States, which are Trujillo-paid propaganda mills.

This widespread Latin American approval of my stand at once heartened and perturbed me. Naturally I was encouraged by the evidence that throughout the hemisphere my position, rather than invoking cries of Yankee imperialism, was warmly supported. On the other hand, the burning popularity in Latin America of my position attested to the sad fact that our policy is out of touch with Latin American realities. Our policy of treating dictators as respectable and valuable allies in the struggle against international communism is, to put it mildly, universally deplored by all but the handful of dictators themselves, along with their retainers and apologists.

I accepted a number of invitations to visit Latin America in the hope that I could learn firsthand where our neighbors stand on such questions as inter-American defense, intervention, and inter-American solidarity. I chose to visit Puerto Rico first, where I was guest of the Puerto Rican Press Association, and semiofficially of Governor Muñoz-Marín who was kind enough to have me stay at La Fortaleza, his official residence. Puerto Rico seemed an ideal place to find out what Latin Americans really think about United States policy. Puerto Ricans, being United States citizens, have their sentiments attuned both to the mainland and to their Latin American neighbors. The island is, in fact, our bridge to Latin America. It is situated only 70 miles from the Dominican Republic.

In Puerto Rico I found a warm response among the press, the public and government officials alike. All believe that our present policy, by fostering dictatorships in the hemisphere, spawns communism—that this policy is not designed in the best interest of either furthering democratic principles or of defending the hemisphere from Communist subversion.

The following week I visited Costa Rica as the guest of its President, Jose Figueres. I felt I could learn much in Costa Rica, one of the true democracies in the Western Hemisphere and the first country to take up arms against Communist infiltration. There the response was overwhelming to my thesis that the American people love democracy and hate dictatorships. The National Assembly held a special session to honor me. This is not a congress screened by

he could not provide a decent living for himself and family. The postal worker is a respected and dependable member of his community and we want to make it possible that he maintains his standing and influence for good wherever he may be.

I wholeheartedly support legislation for postal pay raise and urge all my colleagues to do the same. The only way we can help this worthy group of valuable servants of the people is to give them what they justly deserve and earn.

The United States Government must have efficient and loyal workers. To keep them, we must pay them adequately.

Let us return that smile to Uncle Sam's postal worker, let us bring his salary up to par.

If this does not happen soon, the cost of living will warrant another pay raise before this one is granted.

The cost of living is at an alltime high and is continuing to climb.

FOREIGN AID

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. MEADER] is recognized for 30 minutes.

(Mr. MEADER asked and was given permission to revise and extend his remarks and to include extraneous matter.)

Mr. MEADER. Mr. Speaker, I desire to make some comments on foreign aid in connection with the measure now pending before the House of Representatives.

My position on foreign aid has been clear since the beginning of my service in the House of Representatives. I have consistently supported the extension of foreign aid, but at the same time I have sought to reduce the amount of funds and have urged that private capital be employed for economic development in foreign countries in increasing amounts so that we may taper off the Government aid and eventually bring an end to it.

Now, I wrote an article, Mr. Speaker, for the April issue of Reader's Digest which appeared on the newsstands on the 24th of March this year. Subsequent to the appearance of that article and on April 19, 1957, Mr. John B. Hollister, the Director of the International Cooperation Administration, addressed a letter to Senator PRESCOTT BUSH and attached thereto a memorandum in which Mr. Hollister or his organization commented on specific examples of waste and extravagance which had been mentioned in my Reader's Digest article which had appeared a few weeks before.

July 15, 1957, Reader's Digest sent a letter to the Members of Congress, with which was included a reprint of my article in the April issue, answering the Hollister memorandum of April 19, 1957, and containing an order blank for a detailed reply to the criticisms of the International Cooperation Administration.

I should also point out that in part VI of the hearings before the Committee on Foreign Affairs on the Mutual Security

Act of 1957 there appears on page 1300 and following, through page 1314, what is headed "Compilation of Comments by the International Cooperation Administration on Remarks and Statements Made Against the Foreign Aid Program." Now, in that list are included many of the examples of waste and extravagance referred to in my article in Reader's Digest, but in addition to those there are many other comments on statements which do not appear in that article. I do not know the source of these other statements because the compilation prepared by the ICA, although it makes direct quotations, does not identify the source of the material quoted.

Mr. Speaker, at this point in my remarks under leave granted I shall include the Reader's Digest letter of July 15, 1957, with the attachments, and include the full text of the memorandum of the International Cooperation Administration of April 19, 1957. I also include the detailed reply to that memorandum, which is referred to in the letter from Reader's Digest.

THE READER'S DIGEST,
WASHINGTON OFFICES,

Washington, D. C., July 15, 1957.

The Honorable GEORGE MEADER,
House Office Building,

WASHINGTON OFFICE,

DEAR MR. MEADER: In its April issue, The Reader's Digest published an article by Representative GEORGE MEADER, entitled "Our Foreign Aid Program—A Bureaucratic Nightmare." In the article, the author presents evidence of waste in foreign-aid operations and calls for a continuing investigation by a congressional watchdog committee to combat such waste in the future.

On April 10 the Director of the International Cooperation Administration, Mr. John B. Hollister, told the Senate Special Committee To Study the Foreign Aid Program that he was having this article "worked on" for a reply because it "is not completely fair." Following up, he had the resulting memorandum—a statement of purported facts questioning the article's accuracy—placed in the committee's printed record with the observation that the article "presents a distorted picture of the total program." The ICA memorandum has also been sent to members of Congress, radio commentators, newspapers and the public generally, together with a form letter signed variously by Mr. Hollister and by his "Deputy Director for Congressional Relations."

To keep the record straight, we want you to know that, before publishing Mr. MEADER's article, The Reader's Digest, in keeping with its regular policy, checked all statements of fact in the article and found them accurate.

Now, as a result of ICA's official memorandum, this office has just completed a thorough recheck of the article in search of inadvertent errors or misstatements. On the basis of this extensive research, we have found the article to be correct as originally published, with all pertinent statements adequately based on public records. These records, in large part, are the ICA's own.

As the resulting research document covers all the questioned statements of fact in Mr. MEADER's article, it is quite voluminous (14 pages). We are, therefore, making it available to any interested parties as a separate mailing piece from this letter. In order to help you judge the nature of its contents, I will cite one example from it here. This pertains to:

JORDAN

The Reader's Digest article states: "Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: a half million Arab refugees from Palestine. Our major cure has been to construct thoroughways for the country's fewer than 9,000 automobiles."

ICA says this is incorrect, adding: "A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel."

ICA's own records show that road construction is by far the biggest ICA project in Jordan—with \$7½ million spent for this to date. The House of Representatives Special Study Mission, which visited the area, complained that these roads are "of a type far too costly and elaborate for a country as undeveloped as Jordan" (p. 24, Report of House Foreign Affairs Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, March 14, 1956).

Another ICA document—the chapter on "Highway Development" in the June 1956 Annual Report of the Technical Service for Economic Development, "USOM-Jordan (p. 46)—lists construction of 400 kilometers (248 miles) of primary roads, plus 18 smaller projects totalling 120 kilometers (74 miles) being carried forward with United States Development Assistance funds. Here are some quotes from this official, illustrated ICA report:

"American standards of sight distances, gradients and curvature which permit a safe driving speed of 80 kilometers per hour on any portion of the system have been adopted in the development of the primary highway system" (p. 47).

"Two embankments of approximately 30-meter (98 feet) depth were necessary in the design of this (east-west) route and 20-meter (65 feet) are not uncommon. A similar condition exists in the development * * * of the north-south route. To perform this type of heavy road construction heavy road building machinery, valued at approximately \$1,700,000 has been ordered" (p. 54).

"Additional base course surfacing has been placed on the Amman-Na'ur section in readiness for an asphalt application surface treatment" (p. 55).

That these are not to be the simple gravel roads that the ICA memorandum on Mr. MEADER's article indicates is given further confirmation in another official report released recently by the Senate:

"In a dispatch from Amman printed in the New York Times of August 26, 1956, Sam Pope Brewster quoted some adverse opinions of American assistance operations in Jordan made to him by Hamad Farhan, Under Secretary in the Ministry of Economy. Mr. Farhan complained that United States funds were not being spent in Jordan to the best effect, specifically that road costs were four times as much per mile as they normally were in Jordan. * * * In reply to this criticism, the United States Information Service in Jordan issued a statement on September 8 referring to recent 'inaccurate and misleading statements.' It pointed out that 'normal equivalent' roads in Jordan are 7 meters wide, 5 meters asphalted; while major Point Four highways are 9 meters wide, 7 meters asphalted; further that the Point Four roads are being built to American standards, which require aerial surveying, engineering, and grading of a type not used in 'normal equivalent' Jordan roads. Even so, said the statement, the cost is approximately only 9 percent higher per mile for the modern wide highway" (p. 20, Report on Lebanon, Jordan and Iraq, prepared at the request of the United States Senate's Special Committee to

Study the Foreign Aid Program, by Hamilton Fish Armstrong, editor, Foreign Affairs, February 1957).

This record is made up from official reports of the USIS, Congressional on-the-scene investigations and, particularly, from the published reports of the ICA itself.

If you are interested in having the complete research report giving similar documented background for each of the questioned statements, would you be kind enough to telephone me here (HOBart 2-1071), or fill in and mail me the enclosed card? I shall be glad to send you one or more copies.

Sincerely yours,

CHARLES STEVENSON,
Washington Editor.

OUR FOREIGN-AID PROGRAM—A BUREAUCRATIC NIGHTMARE

(By GEORGE MEADER, United States Representative from Michigan)

(An experienced congressional investigator, Representative GEORGE MEADER, Republican, was chief counsel of the Senate War Investigating Committee combating frauds during World War II. He also conducted the Senate investigation that unearthed the Reconstruction Finance Corporation scandals. Elected to Congress in 1950, he is a member of the House International Operations Subcommittee.)

Most of us in Congress have consistently voted for foreign aid to strengthen the underdeveloped countries so they can resist Communist aggression. We will be asked within a few weeks to appropriate additional huge sums. Investigation shows, however, that the program we are being asked to support has in the main degenerated into a bureaucratic nightmare, in which millions of dollars are wasted. Admittedly, some of the money spent has yielded good results. But too often we have forced projects upon countries not ready for them, with the result that we build up, not friendship, but ill will and resentment. In other instances we have scattered our money abroad with such abandon that it is hard to discern what, if any, results we have achieved.

Only a few weeks ago we 13 Republicans and 17 Democrats who make up the House Committee on Government Operations unanimously approved a 59-page report detailing the "loose, slipshod, and unbusinesslike" spending of more than a quarter billion dollars in Iran with so little regard for "basic requirements of prudent management" * * * that it is now impossible with any accuracy to tell what became of the funds.¹

Yet this case is typical of hundreds uncovered throughout the world, not just by our committee but also by other investigators including those of the House, Senate, and General Accounting Office. Here are some samples that have been brought to my attention.

In the name of foreign aid our Government has built a \$128,000 cow barn in Lebanon to demonstrate to average farmers living on \$100 or less a year the equipment they should provide themselves with in order to get ahead.

In Ethiopia we spend hundreds of thousands of dollars a year to found an agricultural college, conduct experiments looking to better crops, and train veterinarians, all of which may be good. But at last report everyone was too busy to put to use 2,000 plows and a store of tractors rusting away since UNRRA days.

And consider Afghanistan. The 12 million inhabitants live as they did a thousand years

ago. Some are nomads, but most of them are simple farmers. Ninety-six percent cannot read or write nor can they cope with the complexities of mechanized civilization. There are virtually no roads; the usual transport is over trails by camelback and pack horse. The Afghans need to be introduced to the age of the wheel and axle, and to simple hand tools, if they are to begin ascending the economic ladder. Missionaries years ago learned that there is no other way up than step by slow step. Instead, we are trying to shortcut years of such essential development.

To illustrate: The United States advanced \$39,500,000 of loans to complete two dams in the most isolated part of Afghanistan. The idea was to produce industrial hydroelectricity and to pour out water to reclaim a million acres of desert land on which to resettle the nomads. Today, 2 to 5 years after completion of these dams, there still is little power equipment installed and no electricity has been generated. The nomads have refused to settle down on the irrigated acres; the soil is so alkaline that some of it won't grow crops 2 years in succession. Nevertheless, every year we give further large sums to maintain the irrigation canal with our own technicians, while others strive feverishly to solve the soil problem.

The Afghans blame the United States, for haven't we led them on to expect great things? Therefore, from International Cooperation Administration headquarters in Washington, a demand goes out for "projects which will show immediate results and encourage the people." Courtney Kimler, an experienced engineer was sent to find some of these.

"Help the Afghans to make better use of the good land they have," he advised. "Show them how to make a \$5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle. Above all, show them how to build carts in their own villages, and how to grade a system of farm-to-market wagon roads such as the United States had at the turn of the century. This can be done for \$10 million—and then Afghans can begin to get ahead, just as Americans did.

No one would listen. Instead of starting with wheel and axle, ICA gave \$14,500,000 last year to start five airports and provide electronic equipment for a sixth which Russia is constructing.

"After all, this is the air age," says an ICA man. "We'll give the Afghans an airline and an agency like our Civil Aeronautics Administration to regulate air traffic. American technicians will have to stay there to run the show, of course; we'll have to teach the nation to read and write before it can begin to produce technicians to replace ours."

This isn't foreign aid as Congress conceived it, and it isn't doing the good that it should. This is bureaucracy bent on building a permanent empire. The ever-growing corps of technicians and experts which it would fasten onto a simple people will be resented by the underdeveloped countries as violently as the colonial overlords whom they have fought for years to shake off.

This is only one of the things wrong with foreign aid as it is administered. The present and previous administrations have depended on our professional foreign-aid planners in ICA and the State Department for guidance. Unfortunately for United States taxpayers, too many of these men, holdovers from an earlier share-the-wealth political era, measure the success of their programs not so much in terms of accomplishment as in cash spent.

India is an example. That country's best project is its community-development program. Started years ago by missionaries and later given impetus by the Ford Foundation,

it sends small teams into the steaming mud villages to instruct the almost 300 million impoverished and ignorant rural people in reading and writing, sanitation and health care; to show them how to increase their crops; to start cottage industries; and to teach village leaders to carry on the process after the teams leave.

A House Foreign Affairs subcommittee visited some of these villages recently. The inhabitants proudly showed what they had done, as a result of their training, to lift themselves: a road cut through the jungle to reach the outside world; a school built of concrete blocks; sanitary facilities; increased crops that meant the difference between hunger and hope. In these simple things, and in the villagers' rising spirit of pride and self-respect, was proof that men can and will help themselves when the goals are within their comprehension.

Nevertheless, ICA spent little on these community-development projects last year. Congressmen had to prod out officials to get them to show these villages.

The trouble is that our foreign-aid planners are trying to spend \$80 million a year on India. A United States mission of more than 400 works hard at the task. But it is difficult to get rid of this much cash on the principle of showing people how to help themselves. So, the mission concentrates on buying things that have nothing to do with point 4.

In 1954, after telling Congress that it intended to spend but \$639,000 on all transportation and communications in the country, the mission made India an outright gift of \$20,500,000 worth of new railroad equipment alone. India didn't need this as a gift; it could have borrowed any cash it needed for its railroads because its system, the fourth largest in the world, is one of the nation's strongest assets.

In June 1954, 2 weeks before their unexpended balances for the fiscal year would expire if not obligated, our foreign-aid officials, in India decided to donate \$1,539,000 worth of prefabricated steel for 52 easy-to-erect grain silos and warehouses to "demonstrate" what United States storage techniques could accomplish. Last fall ICA officials admitted that the bulk of the material was still sitting in Calcutta, untouched. Meanwhile, ICA approved a request from its office in India for an additional \$4 million of United States taxpayers' money for 600 more warehouses—in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent.

The fact is that India cannot assimilate aid as fast as we want to pass it out. Already a backlog of \$135 million has piled up from past appropriations. Nevertheless, officials have proposed that we now increase our Indian assistance from \$80 million to \$100 million a year.

Every year, all but a minor portion of our Indian-aid funds is spent in ways having little to do with inspiring self-help. Last year alone at least \$66,500,000 were allocated to buy items which included industrial steel and iron, machinery, machine tools, and raw materials for manufacture. Nearly \$4 million worth of motor vehicles was given away. Most of these gifts are not connected with any project or program but are just handed over to the Indian Government, which merges them into the state-owned enterprises of its 5-year plan. Official proposals for the future merely look to enlarging such gifts by \$20 million a year.

G. Corson Ellis, vice president of the Association of Consulting Management Engineers, took a team to India under an ICA contract to set up a management-development program that would help new industries to operate more efficiently. He later told the House Foreign Affairs Committee that he was not permitted to serve private businesses—just Government undertakings;

¹ See "How Not To Handle Foreign Aid," the Reader's Digest, February 1957. Copies of H. Rept. 10 (dated January 28, 1957) are available on application to the Committee on Government Operations, House of Representatives, Washington, D. C.

that he had to wait 7 months before the Indian Government would let him have any people to train; that his job was impossible because of resistance to criticism and to the idea of a free economy.

"We make a mistake preaching that what these countries need is capital," he says. "Their principal need is trained men. We must teach, not simply act as experts. Unless our program is predicated upon leaving something behind, we are going to be stuck there for 50 years."

These examples of waste of American personnel and resources could be multiplied. In Greece Marshall plan tractors rusted on the docks 2 years after arrival because the country couldn't absorb all the aid we insisted upon giving. Yet no lesson is learned from such waste. Recently, in Laos, a country of 1½ million inhabitants, Congressmen saw a depot crammed with enough expensive drugs, hypodermic needles, and other medical supplies to care for much of Southeast Asia.

Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them was available. Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such water on the scene had already been supplied.

Still, each year since 1948, the people who run foreign aid have come up with a conveniently timed emergency which has called for enlarging the scope of our operations. In the current fiscal year \$1,749,000,000 was appropriated for nonmilitary assistance—an increase of \$68 million over 1956, even though ICA ended the year with a backlog of nearly two billions it had been unable to spend.

By 1953 the foreign-aid bureaucracy had become so swollen and top-heavy that Congress ordered a 10 percent cut in its 7,000 personnel. Yet today it has more employees than ever—more than 8,000. This bureaucracy has become so powerful, so cock sure, that it has defied Congress and done whatever it has wanted.

Under the law, requests for aid are supposed to originate with the host country. The United States mission is then supposed to try to find American cash for the worthiest point 4 proposals—if the benefiting nation will pay a substantial portion of the costs to show its interest. In practice, some of our missions start out with an allocation of funds, then try to prevail upon the host country to accept cash for projects drummed up by ICA. Sometimes the missions even find ways of getting around the stipulation that the host country put up earnest money. In one instance recently our committee found that a host country's contribution included the country's estimated loss of import duties on items which the United States gives to it.

Everywhere we are bestowing the accouterments of advancement upon people while giving insufficient heed to fundamental needs. Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: A half million Arab refugees from Palestine. Our major cure has been to construct thoroughways for the country's fewer than 9,000 automobiles.

In Thailand a 200-mile asphalt road was undertaken as a 1-year, \$6½ dramatic demonstration of United States efficiency in peaceful pursuits, but after 2½ years the estimated cost has skyrocketed to \$18 million for just the first 100-mile stretch, with completion not due before 1958. Meantime, ICA has expanded this demonstration into a series of Thai highway projects which by June will have cost us \$45 million, and no end in sight.

This project was tackled without sufficient advance planning. The American contractors' 150 employees have to be paid during

the 6-month rainy season, when they can only sit. Congressional investigators have found that the boss of 1 team collects \$27,750 a year; that 14 other engineers get \$17,400 each; that machine operators make \$700 to \$800 a month, plus 15 percent for being overseas, plus \$300 a month living expenses, plus overtime. None pays an income tax. And now 75 additional high-priced men are being sent to Thailand to join those already there. Such aid cannot be justified even as a means of insuring international cooperation.

Officials have admitted to our committee that some programs could well be taken over and paid for by the host countries—except that the latter don't think they're worth their own cash and would drop them. Meanwhile, Burma, 4 years ago, rejected further wholesale gifts from the United States. A congressional investigator was told in Burma: "By being so aggressively friendly and insistent that we accept your money and superior knowledge in working out our destinies, you Americans insult us without meaning to." This reaction is spreading.

Is it not time to call a halt to this senseless, arrogant spending? Let's stop measuring the success of our aid by the amount of cash we can give away. Let's concentrate instead on helping people to help themselves with fundamental programs, meanwhile encouraging them to accept development by private enterprise so that their economies may grow and they may eventually stand alone instead of as dependents on an annual handout from the United States taxpayers.

What is needed is a clearer statement of congressional policy and a congressional committee equipped with funds and authority to investigate and combat waste in foreign-aid spending before, not after, the cash has gone down the drain. Such a Senate committee, of which I was chief counsel during the war, was able to save billions of dollars by keeping watch on the departments that spend our defense dollars. I know from experience that the same type of investigation can cut down waste in foreign aid and begin saving additional billions for the taxpayer right now.

Most Members of Congress know what I have set forth here. Most feel as I do. However, the bureaucracy has become so powerful that Congress will not act without knowing it has the support of the public. Until public opinion becomes so aroused that the people begin to insist on action by their Senators and Congressmen, the waste will continue, with little hope for better results than have been achieved thus far.

READER'S DIGEST,
Pleasantville, N. Y.:

I would like to have the Reader's Digest research document on Our Foreign-Aid Program—a Bureaucratic Nightmare.

---- (Number of copies desired.)

Name-----
Address-----

INTERNATIONAL COOPERATION
ADMINISTRATION,
OFFICE OF THE DIRECTOR,
Washington, D. C., April 19, 1957.
Hon. PRESCOTT BUSH,
United States Senate,
Washington, D. C.

DEAR PRES: There is enclosed a memorandum in which we have attempted to answer the specific criticisms of the International Cooperation Administration and predecessor organizations which were contained in Congressman MEADER's article in the April issue of the Reader's Digest entitled "Our Foreign Aid Program—A Bureaucratic Nightmare."

The instances which Mr. Meader cites cover a period of some 10 years and 11 different countries, and certain operations for which

ICA has no responsibility. You will note that many of them occurred several years ago.

But these instances, important as they are, nevertheless are relatively small details in comparison to the total program. Since the entire article is concerned only with these instances, it necessarily presents a distorted picture of the total program.

The International Cooperation Administration, which is charged with handling the mutual-security program, is first of all concerned with getting the maximum security results possible for the American taxpayer from expenditures for this program. The agency now maintains in all countries where it operates a careful system of auditing and review. Nevertheless, ICA is the first to admit that in such a highly complex program, involving some 60 different nations overseas, thousands of employees, and hundreds of millions of dollars, hindsight will always show that from time to time mistakes have been made. The agency, from the experience of the past, is constantly taking further steps to eliminate errors and waste.

We do not feel that the implications are justified that the mutual-security program on the whole is wasteful or inefficient.

Yours very sincerely,

JOHN B. HOLLISTER.

COMMENTS BY THE INTERNATIONAL COOPERATION ADMINISTRATION ON REPRESENTATIVE GEORGE MEADER'S ARTICLE IN THE APRIL READER'S DIGEST ENTITLED "OUR FOREIGN-AID PROGRAM—A BUREAUCRATIC NIGHTMARE"

LEBANON

Page 94. "In the name of foreign aid our Government has built a \$128,000 cowbarn in Lebanon to 'demonstrate' to average farmers living on \$100 or less a year the equipment they should provide themselves with in order to get ahead."

Comment: This so-called cowbarn is part of an overall animal husbandry program for which the Lebanese Government requested United States assistance. The request was approved over 4 years ago. Funds were made available to the program in 1953, 1954, and 1955. No allotments have been made to it by the United States in 1956 or 1957.

ICA records show that the United States contributed \$48,265 toward the construction of an "experimental barn, sheds, yards, silo, etc." This is almost \$80,000 less than the article states. The Lebanese Government itself spent 100,000 Lebanese pounds (about \$30,000) in addition.

Purebred Holstein bulls were imported to improve the strain of Lebanese cows in order to increase milk production and thereby enable Lebanese dairymen to earn more than \$100 a year. The crossings of purebred bulls with native cows has resulted in such a great increase in milk production that new pasteurizing and milking plants have been built in Lebanon which have helped to develop the economy and create employment. These plants were financed wholly by private capital.

ETHIOPIA

Page 94: "But at last report everyone (in Ethiopia) was too busy to put to use 2000 plows and a store of tractors rusting away since UNRRA days."

Comment: Thousands of tons of agricultural equipment were left in Ethiopia by UNRRA (the United Nations Relief and Rehabilitation Administration, which had no connection with ICA or its predecessor agencies) in the immediate post-World War II period, and before that by the Italians when the British drove them out in 1941. By the time the United States technical cooperation mission was established in 1952 this equipment was in such poor condition, through mismanagement, lack of repair, and insufficient storage space, that it was unusable.

Therefore, one of the earliest (and still continuing) projects was to assign an ICA technician to the job of training and supervising Ethiopians in rehabilitating it. Some of it now is in use in joint United States-Ethiopian projects, and the rehabilitation work is still continuing under American guidance.

AFGHANISTAN

Page 94: "The United States advanced \$39,500,000 of loans to complete 2 dams in the most isolated part of Afghanistan. The idea was to produce industrial hydroelectricity and pour out water to reclaim a million acres of desert on which to resettle the nomads. Today, 2 to 5 years after completion of these dams, there still is little power equipment installed and no electricity has been generated."

Comment: This a reference to the Helmand Valley development project, an undertaking of the Government of Afghanistan, and not of ICA or its predecessors. Some work on this land-reclamation project was done prior to World War II. Shortly after the end of the war, the Afghan Government resumed work and retained the American engineering firm of Morrison-Knudson to carry it out, the Afghans paying the costs.

The Export-Import Bank in 1950 made a loan of \$21 million to Afghanistan to continue work on the project and in 1954 made a second loan of \$18½ million. As of today two large storage dams and related irrigation canals have been completed. The primary purpose of the dam was not to generate electrical energy immediately, but to provide land for resettlement. Unfortunately, the whole project was not adequately planned by the Afghan Government. However, so much had already been done that ICA has tried to help the Afghan Government realize as much as possible on its investment and has provided Afghanistan with technicians as advisers on the project. ICA also financed a survey by the Tudor Engineering Co., of San Francisco, designed to assist the Afghans to complete the development as well as possible.

Page 94: Courtney Kimler said, "Show them how to make a \$5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle * * * No one would listen." (Presumably meaning ICA.)

Comment: Mr. Kimler was sent to Afghanistan in 1955 by ICA, and again in 1956 by ICA. His reports recommended that assistance be given to the rug-weaving industry and this proposal was adopted by ICA. One of the foremost authorities on rug weaving in the United States was sent to Afghanistan by ICA, and he has been working there on a rug-weaving project for almost a year.

Page 95: "Instead of starting with wheel and axle, ICA gave \$14,500,000 last year to start five airports and provide electronic equipment for a sixth which Russia is constructing."

Comment: The United States believes that it would be highly advantageous to the free world to direct the trade and travel of Afghanistan, long an object of Russian expansion, southward instead of northward to Soviet Russia. Therefore, ICA is planning to assist in highway development between Afghanistan and Pakistan. The terrain makes railroad development of doubtful wisdom.

The civil-aviation program was requested by the Government of Afghanistan. Under this program the United States will help Afghanistan expand its domestic airlines, supplies, build new airports and improve air-to-ground communications. As a result of the development with part of these funds of an international airport at Kandahar, Afghanistan's second largest city, United States commercial planes will be able to link Afghanistan with the other countries of the free world.

INDIA

Page 95: "ICA spent little on these community-development projects last year."

Comment: Many present ICA technical cooperation projects are connected in one way or another with the community-development program in India. ICA has supported the following activities in India in this field: Extension and home science advisors; the services of five land-grant colleges to aid agricultural education and research institutions; projects in agricultural information; livestock improvement, irrigation, marketing, and dairy development; pesticides and equipment in support of the malaria-control program; pipe and other supplies to the national water supply and sanitation programs; health experts and demonstration equipment which will help train a quarter million doctors and a half million nurses; help in the development of home science departments in universities and aid in the reorientation and expansion of the secondary school system.

Page 95: "A United States mission of more than 400 works hard" (in India).

Comment: As of February 1957 there were 160 Americans on ICA's payroll in India and 82 under contract in India, making a total of 242. In addition, there were 174 Indian nationals working for the Mission. Mission employees are assigned to live and work in all parts of India, not just in the Mission headquarters.

Page 96: "In 1954, after telling Congress that it intended to spend but \$639,000 on all transportation and communications in the country, the mission made India an outright gift of \$20,500,000 worth of new railroad equipment alone."

Comment: Congress had continuously recognized the authority of ICA and its predecessor organizations to transfer funds from one program to another. The figures presented to the Congress are the result of planning which has to be developed months ahead of time. Often when the time comes to put the program into effect, conditions in a country have changed materially, and the best results can be achieved by changing the program to meet the then existing conditions.

In making the illustrative presentation to Congress in the summer of 1953, the Foreign Operations Administration (predecessor to ICA) listed \$639,000 for "transportation, communications, power" for India. More than 6 months after this illustrative program had been presented, the Foreign Operations Administration approved an India railway program of \$20.5 million.

The reason for this change was that during the summer of 1953 food production in India and grain harvests far exceeded expectations. As a result, the Indian Government urgently asked assistance be given to their railroad rehabilitation program so that this food and other materials could be properly distributed through the nation. Funds were therefore transferred from proposed agricultural programs into the more pressing railway program.

Page 96: "Our foreign aid officials in India decided to donate \$1,539,000 worth of prefabricated steel for 52 easy-to-erect grain silos and warehouses." "ICA approved a request from its office in India for an additional \$4 million of United States taxpayers' money for 600 more warehouses—in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent."

Comment: To avert the threat of repeated local famine conditions, the Government of India is in the process of establishing a grain reserve of some 2 million tons. This reserve requires a greatly expanded storage capacity.

The 50 prefabricated buildings for flat storage of grain and 2 silos arrived in India in December, 1955. In April, 1956, at India's

request, ICA agreed to supply an additional 500 storage buildings at a cost of \$4 million contingent, however, on the erection of the first 52 buildings by the Indian Government. Unfortunately, there were delays on the part of the Indian Government, so that early in 1957 ICA reduced the number of buildings to be constructed under this program from 500 to 100. In March, 1957, not having received the previously requested assurances with respect to the construction of the 52 buildings, the entire \$4 million project was canceled by ICA.

Page 96: "Nearly \$4 million worth of motor vehicles was given away."

Comment: Motorized transport equipment has been one of the major United States contributions to India's Community Development program which the article earlier describes as India's "best project." The value of this equipment over the 5 years since the United States aid program began totals nearly \$8 million and includes nearly 2,000 jeeps which are the only motorized transport equipment which can be used in many parts of India; 236 jeep station wagons; 30 health vans; 34 motor graders; 163 tractors, some of them fitted with bulldozers; 38 road tillers; and 350 trailers.

Page 96: "G. Corson Ellis, vice president of the Association of Consulting Management Engineers, told the House Foreign Affairs Committee that he was not permitted to serve private businesses—just government undertakings; that he had to wait seven months before the Indian Government would let him have any people to train; that his job was impossible because of a resistance to criticism and to the idea of a free economy."

Comment: Mr. Ellis, a partner in the management engineering firm of A. T. Kearney Co., of Chicago, went to India in 1955 under an ICA-financed contract between his firm and the Government of India to set up a management-development program. In 1956, a little more than a year later, the contract between Ellis and the Indian Government was mutually terminated. The principal reason why ICA originally sponsored the contract was in an endeavor to bring about a more enlightened attitude on the part of the Indians toward private management which would alleviate some of the problems of which Mr. Ellis complained. Other United States management engineering firms are still carrying on management-development programs in India, and have been able to work effectively with Indian private industry.

GREECE

Page 97: "In Greece Marshall plan tractors rusted on the docks 2 years after arrival because the country couldn't absorb all the aid we insisted upon giving."

Comment: The tractors referred to were sent to Greece by UNRRA in early 1946, and had no connection with ICA or its predecessor agencies. Because of the civil war in Greece and because a number of the tractors were unusable in that country without certain modifications in their equipment, the tractors were not used immediately. Eventually, however, the tractors were converted and were absorbed by the Greek economy.

LAOS

Page 97: "Recently, in Laos, a country of 1½ million inhabitants, Congressmen saw a depot crammed with enough expensive drugs, hypodermic needles, and other medical supplies to care for much of Southeast Asia."

Comment: ICA has supplied \$83,000 worth of first-aid kits for the Laotian villages and \$150,000 worth of pharmaceuticals for use in the malaria-eradication program.

The Philippine-Loas Junior Chamber of Commerce has jointly sponsored a project called operation brotherhood which supplies medical items donated by pharma-

ceutical houses. Dr. Thomas A. Dooley, a young ex-United States Navy doctor, is also operating a small private medical team in Laos and has enlisted the aid of many American drug supply houses to help him carry out his mission.

Private Importers have also been allowed, by the Laos Government, to purchase pharmaceuticals through normal trade channels.

THE PHILIPPINES

Page 97: "Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them was available."

Comment: When arrangements were made to send an electronic microscope to the Los Banos College of Agriculture—about 30 miles from Manila—verbal agreements had been made to get power from the Philippine National Power Co. Later it was deemed not economically feasible to put a power line into the college. The college had been generating its own power from outmoded and obsolescent equipment. ICA supplied some new generators. These supplied power not only for the new microscope, but also for the entire college. A Filipino operator for the electronic microscope has been trained in the United States and is working for the Los Banos College.

Page 97: "Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such water on the scene had already been supplied."

Comment: \$250 worth of distilled water was sent to the Philippines in 1951 by the Mutual Security Agency (predecessor to FOA and ICA). This was specially prepared distilled water to be used for intravenous injections. There was an inadequate supply of vials in the Philippines at the time—the vials of water from the United States cost 10 cents each—and it would have cost approximately the same to have sent empty vials and to have had the Philippines fill them.

WASHINGTON

Page 97: "In the current fiscal year \$1,749,000,000 was appropriated for nonmilitary assistance—an increase of \$68 million over 1956, even though ICA ended the year with a backlog of nearly 2 billion it had been unable to spend."

Comment: Because it operates on the basis of year-to-year appropriations, ICA must always have a pipeline of unexpended obligations to pay for commodities and goods on order, and to finance previously approved projects and contracts. At the end of 1956 fiscal year, ICA's unexpended balance was \$1,760,200,000, but of this amount \$1,617,600,000 was unexpended obligations. The remainder included \$97,200,000 in special Asian Economic Development funds which Congress authorized to be obligated over a 3-year period and a Congressional reappropriation of \$45,300,000 in Palestine refugee funds which remained unobligated at the end of the 1956 fiscal year. Under law, ICA unobligated funds remaining at the end of a fiscal year in annual appropriations accounts automatically revert to the Treasury unless specifically reappropriated by Congress.

Page 97: "By 1953 the foreign-aid bureaucracy had become so swollen and top-heavy that Congress ordered a 10 percent cut in its 7,000 personnel. Yet today it has more employees than ever—more than 8,000."

Comment: Total employment in ICA has risen from 7,556 on January 31, 1953, to 8,616 as of January 31, 1957, but these figures do not reflect the significant changes that have taken place in the nature of the program and the composition of its personnel. The following figures are provided for comparative purposes:

	Jan. 31, 1953	Jan. 31, 1954	Jan. 31, 1957
Americans:			
Administrative.....	2,784	1,952	2,101
Program.....	1,990	2,055	3,083
	4,774	4,007	5,189
Foreign nationals:			
Administrative.....	1,664	1,121	1,197
Program.....	1,118	883	2,230
	2,782	2,004	3,427
Total.....	7,556	6,011	8,616

The number of employees paid from administrative funds has been substantially reduced, while those paid from program funds (technicians) have increased. This change is primarily because ICA is no longer concerned with the economic rehabilitation of the developed countries of Europe but has turned toward the less developed areas of the world. This has necessitated a change in the type of employee required by the program. Increasing emphasis has been given to the employment of qualified American technicians who can transmit American techniques and methods to the indigenous population of the underdeveloped countries.

JORDAN

Page 9: "Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: a half million Arab refugees from Palestine. Our major cure has been to construct thoroughways for the country's fewer than 9,000 automobiles."

Comment: The major cure for the Palestine refugee problem has never been road building but development of the Jordan River. To this end the President three years ago designated Eric Johnston as his special representative to try to get the four countries involved—Israel, Jordan, Syria, and Lebanon—to agree to develop the river, to date without success. The United States has for the past several years contributed millions of dollars to the U. N. to feed the Palestine refugees. The road problem is not part of a direct attempt to relieve the refugee problem.

Jordan has only 225 miles of railroad, so it must also depend on highway transportation. Following the establishment of the State of Israel, transportation which had formerly flowed east-west from Jordan to the Mediterranean was cut off and had to be diverted into a north-south movement. There was a need for connecting links with roads leading northward to Lebanon and Syria and southward to the port of Aquaba, and for roads connecting the four areas of Jordan continuing the bulk of the country's 1½ million population, including the Arab refugees. A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel.

THAILAND

Page 97: "In Thailand a 200-mile asphalt road was undertaken as a 1-year \$6½ million dramatic demonstration of United States efficiency in peaceful pursuits, but after 2½ years the estimated cost has skyrocketed to \$18 million for just the first 100-mile stretch, with completion not due before 1958. Meanwhile, ICA has expanded this demonstration into a series of Thai highway projects which by June will have cost us \$45 million and no end in sight."

Comment: The purpose of this road was not basically to provide a dramatic demonstration but was instead one of the first elements of the new defense support program undertaken in midfiscal year 1955 in response to increased Communist penetration of the neighboring countries of Vietnam, Cambodia, and Laos. This highway is part

of a program to increase the mobility of Thailand's defense and internal security forces.

At an early stage, a preliminary cost figure of \$6½ million (plus a \$1 million Thai contribution) was suggested, based on generally unchecked Thai data. However, before ICA undertook to contract for any of this work, an engineering survey was arranged in order to secure more realistic cost figures. This resulted in an estimate of \$22 million for a 200-mile highway. Consequently, it was decided to build only the first, more critical, 100-mile segment, which costs about \$18 million because it is all new construction through difficult terrain. The second 100-mile stretch was to have been only the rehabilitation of an existing highway.

A general highway improvement program was also undertaken to improve key segments of the Thai highway system. This was not a mushrooming into a series of other projects with no end in sight, but constituted instead a comprehensive plan for highway improvement for primarily defense and internal-security reasons. Over a 3-year period the cost will be approximately \$45 million.

Page 98: "The American contractors' 150 employees (working on the highway project) have to be paid during the 6-month rainy season when they can only sit. The boss of 1 team collects \$27,750 a year; 14 other engineers get \$17,400 each."

Comment: Engineering and construction operations in Thailand proceed throughout the rainy season with comparatively little lost time because much of the highway is being built through a semiarid part of the country.

ICA carefully screens all salary contracts to insure that they are equitable and necessary in order to secure competent highway engineers and construction personnel in the present highly competitive United States market for these critical specialists. Personnel of substantial experience and competence are needed for this difficult work.

BURMA

Page 98: "Meanwhile, Burma, 4 years ago, rejected further wholesale gifts from the United States."

Comment: In 1953, after nearly 3 years of technical cooperation with the United States, Burma, for political reasons not related to the United States aid program, requested that the program be phased out. This was done gradually over a period of months, and Burman contracted with some of the United States technicians to stay on and work in the employ of the Burma Government.

However, we are again carrying on a program in Burma. The Burmese on March 21, 1957, concluded 2 loan agreements with the United States totaling \$42.3 million, \$17.3 million of which is in Burmese currency received from Burma for the purchase of United States surplus agricultural products. All these loan funds are to be used to further economic development in Burma, and are to be repaid with interest over a 40-year period.

RESEARCH REPORT ON OUR FOREIGN AID PROGRAM—A BUREAUCRATIC NIGHTMARE BY REPRESENTATIVE GEORGE MEADER, OF MICHIGAN, FROM CHARLES STEVENSON, WASHINGTON EDITOR, READER'S DIGEST, 1300 CONNECTICUT AVENUE NW., WASHINGTON, D. C.

In line with its policy governing all important original material that it intends to publish, the Reader's Digest made a pre-publication check on the accuracy of all factual statements in this article. In it the author documents evidence of waste in foreign aid operations and calls for a continuing investigation by a congressional watchdog committee to combat such waste in the future.

This article was published in the April Reader's Digest. On April 10, however, ICA Director, John B. Hollister put into the printed record of the Senate Special Committee to Study the Foreign Aid Program a statement that he was having the article "worked on" for a reply because it was "not completely fair" and presented a "distorted picture." Since then he has included in the committee's published records a statement of purported facts questioning the accuracy of the article. Copies of this 11-page official ICA memorandum have gone to Members of Congress, newspapers, radio commentators, and the public generally, accompanied by a form letter signed variously by Mr. Hollister and his "Deputy Director for Congressional Relations."

This office has conducted post-publication research to recheck every statement of fact in the article which ICA has questioned.

This research shows that these factual statements are correct as published in the Reader's Digest.

The statements which ICA challenges are not only verified by official records, but are based in large part on ICA's own documents.

LEBANON

Consider the first statement in ICA's memorandum—that Mr. MEADER errs in stating:

"In the name of foreign aid our Government has built a \$128,000 cow barn in Lebanon to 'demonstrate' to average farmers living on \$100 or less a year the equipment they should provide themselves with in order to get ahead."

The printed testimony of the House mutual security appropriations hearings for 1955 (p. 345) relates what happened when Members of Congress who had visited this model farm at Terbol, Lebanon, first asked

"We noticed that particular building which was supposed to be a model," said Representative H. CARL ANDERSEN of Minnesota. "Evidently the idea was to show the Lebanese farmers what could be done. It was all out of proportion to anything that the Lebanese farmers could do in the future. We thought it would have been much more practical to have had some down-to-earth experimental buildings that the Lebanese farmers could look over and get information on how to construct them. That particular building included a milking parlor. I might say that in my section of Minnesota—one of the greatest dairying States—we have not had an opportunity to have such an institution constructed. To me it is simply a waste of funds. There was over \$100,000 thrown away on this particular extravagance."

Representative TABER, chairman, interjected: "The clerk tells me that the actual cost of this thing is \$128,000."

To all this, Norman S. Paul, the agency's regional director, simply replied: "We have not been happy with the progress of the program in Lebanon. I will have to check and find out why this particular project was ever permitted."

There is no record of any report back by the agency. Instead, a United States General Accounting Office team, looking over this demonstration farm a year later, noted in June 1955 that the farm manager refused to live on its grounds in the building provided for him because he preferred city life, and stressed in an official audit report to Congress that the project was of "limited use in Lebanon, because the majority of farmers have small holdings." The GAO also reported finding "a substantial quantity of equipment and supplies" delivered for the farm still in storage after 3 years. Other agricultural projects on which we were spending \$423,000 were held up due to lack of technicians and "lack of cooperation of the host government." No action had been taken "to utilize or protect items subject to deterioration—such as seeds and insecticides" or to "expedite implementation and

obtain maximum utilization of aid funds." (Pp. 31-32, Audit Report to the Congress of the United States on "United States Assistance Program for Lebanon," by the Comptroller General of the United States, June 30, 1955.)

In a summary of its 72-page report on the Lebanon program, the GAO noted a "need for stronger top-level planning with the host country * * * for better coordination * * * policy review * * * improvement of financial procedures and records." It criticized indecision and improper use of technical-assistance funds" (p. 2, same report).

ETHIOPIA

ICA next asserts that the article errs in stating that in Ethiopia "at last report everyone was too busy (at various new projects) to put to use 2,000 plows and a store of tractors rusting away since UNRRA days."

ICA now insists, in its memorandum, that "one of the earliest projects" after establishment of the mission there in 1952 was "to assign an ICA technician to the job of training and supervising Ethiopians in rehabilitating" this equipment.

However, the facts of record are contained in a Senate Appropriations Committee report published January 23, 1954, in which on-the-spot investigators emphasized that no effort had yet been made up to that late date to put the UNRRA equipment to use:

"Despite the variety of projects," the report stated, "no effort is being made to utilize a store of tractors and 2,000 plows shipped to Ethiopia under the auspices of UNRRA which are rusting away" (p. 14, Report of Investigations Division of Senate Appropriations Committee on International Development and Related Legislation, January 23, 1954, Senate committee print, 83d Cong., 2d sess.).

This is the last official report on the situation. In an attempt to find out if anything had happened since, the Washington office of the Reader's Digest interviewed Richard Bernhart, in charge of the ICA/Ethiopia desk in Washington, as the April article was going to press. He said he had no knowledge of what had happened to this equipment and that, in any case, ICA would have no responsibility for anything UNRRA had brought in.

AFGHANISTAN

In the section dealing with Afghanistan, Congressman MEADER's point is that many millions of United States dollars are being spent to construct huge dams, irrigation works, and airline facilities beyond the ability of a primitive country to maintain, while inadequate attention is given to inexpensive projects on which any effective self-help and long-range development must be based.

Courtney Kimler, an experienced engineer sent to Afghanistan by ICA, came back with concrete proposals for a number of such projects. The ICA now seeks to give the impression that his ideas were carried out. To this end it quotes the Reader's Digest article as follows: "Courtney Kimler said, 'Show them how to make a \$5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle.' * * * No one would listen." Then the ICA memorandum goes on to refute this with the statement that: "This proposal was adopted by ICA. One of the foremost authorities on rug weaving in the United States has been working there on a rug-weaving project for almost a year."

This ICA statement takes Mr. Kimler's material completely out of context by deleting his major points. What Mr. Kimler and the article actually said was:

"Help the Afghans to make better use of the good land they have. Show them how to make a \$5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle. Above all, show them how to build carts in their own villages, and how to grade a system

of farm-to-market wagon roads such as the United States had at the turn of the century. This can all be done for \$10 million—and then Afghans can begin to get ahead, just as Americans did.' No one would listen."

The Reader's Digest checked the accuracy of the complete statement with Mr. Kimler early this year just as he was leaving ICA for other employment. He said that instead of carrying out his practical proposals, ICA came up with a scheme for rug looms and industrialization of rugmakers beyond the peoples' reach, and that he couldn't interest ICA officials in his recommendations. He stated that when he tried to see John Harlan, Assistant Director of Industrial Programs in ICA's Office of Industrial Resources, Harlan broke three appointments with him and finally relayed the information that a meeting would be unnecessary. Mr. Kimler added that he was unsuccessful in then trying to arrange a conference with the Director of the Office. Meanwhile, he said, ICA insisted on skipping the gravel road and cart stage in order to provide a primitive people with air facilities that our experts must operate, and a single 325-mile modern paved highway would just link 2 cities and would have to be built by American engineers and would cost \$14 million.

At the same time, according to its own statements, ICA ever since 1953 has continued to put half of its money for Afghanistan into the Helmand Valley Dam, which an American company started to build for the country and for which we've so far advanced an additional \$39 million in loans through the Export-Import Bank. The ICA memorandum now says: "Unfortunately, the whole project was not adequately planned by the Afghan Government. However, so much had already been done that ICA has tried to help the Afghan Government realize as much as possible on its investment and has provided Afghanistan with technicians as advisers on the project."

What does this "help" consist of?

1. Here is what a House Foreign Affairs Committee study mission has to say after looking in on the Helmand Valley project in late 1955:

"In addition to the Export-Import Bank loans, the United States has given technical assistance to Afghanistan through fiscal year 1956 totaling \$8,868,000. * * * Nearly half has been for the purpose of supporting the Helmand Valley project. * * * The emphasis of the work currently is to provide irrigated lands upon which to settle the nomads. Subsequently it is planned to generate hydroelectric power. * * * There is, however, a question whether this project is too ambitious for a country that is almost entirely frontier. The irrigation potential is limited by the Government's ability to induce the tribesmen, most of whom are in the north, to become a settled pastoral people in the south. Power demand is nonexistent in the area where it is to be generated. To transmit it to the scattered settlements and light industries over the country will require costly installations and highly trained personnel" (pp. 72-73), report of House Special Study Mission to Middle East, South and Southeast Asia and Pacific, March 14, 1956).

2. A 203-page printed report on development of Helmand Valley, prepared by the Tudor Engineering Co. at ICA's request in November 1956—but never officially released to the press—declares:

"Its [ICA's] program has not been very effective in raising general agricultural production or improving the welfare of the people of the valley. Projects have tended frequently to stimulate unrealistic expectations among the Afghans or fall short of meeting primary needs. Technical assistance has in some cases been diverted into experimentation with crops and strains of livestock rather than toward direct help in the improvement of farm methods and in demonstrations and training to meet the

basic problems. The program has been handicapped seriously by the lack of a sufficient number of Afghan counterparts (technically trained officials) to receive and profit by their advice (p. 4)."

The engineering company also reports—without saying who will supply the cash—that the project will cost more than \$40 million to complete under a salvaging program that it recommends, with \$24 million to be required over the next 3 or 4 years (pp. 5, 172-173).

INDIA

ICA's memorandum implies that the Reader's Digest article errs in stating that ICA spent little on community development last year—a genuine self-help project recognized by a House Foreign Affairs Investigating Subcommittee as just about the most valuable in the country—while vast sums have gone to buy machinery, autos, and the like.

The fact is that two ICA documents: (1) 1956 Projects by Country and Field of Activity, page 28, and (2) Operations Report Data Through June 30, 1956, page 61—show that last year less than \$5 million (out of a total of \$80 million) went for all Indian programs which even remotely bear on community development. Since the beginning of the Indian program 5 years ago, ICA has allocated \$12,892,960 (of which \$7,884,000 went for motor vehicles) in support of community development, out of a total \$326,751,412 for all programs in India—or less than 4 percent (pp. 50 and 53, Indo-American Technical Cooperation, 1952-56, ICA pamphlet).

The Reader's Digest article continues: "In 1954, after telling Congress that it intended to spend but \$639,000 on all transportation and communications in the country, the mission made India an outright gift of \$20,500,000 worth of new railroad equipment alone. India didn't need this gift; it could have borrowed any cash it needed for its railroads because its system, the fourth largest in the world, is one of the nation's strongest assets."

ICA's reaction now is that it is unfair to question such a gift, because "Congress had continuously recognized the authority of ICA and predecessor organizations to transfer funds" and because more than 6 months after funds for programs were set up, unexpectedly large grain harvests and bumper crops made it necessary to transfer these funds "into the more pressing railway program so that this food and other materials could be properly distributed through the nation."

The fact is that Congress itself—in a special investigation of the India program by the Senate Appropriations Committee in April 1954—criticized this transaction as an example of how the organization made "Firm requests for appropriations and strong representations to support the requests * * * to obtain the money and decide later to what specific uses it will be put." It presented documents to show that the agency had radically revised its India program without the knowledge of Congress less than 4 months—not more than 6 months—afterwards, as ICA now states.

The committee found that the agency had received congressional approval for \$85 million worth of projects in agriculture, education, and community development, all of which the agency said had been "tailored so as to eliminate everything not absolutely essential" and representing "the absolutely lower limit below which it would be foolhardy to go." Yet 3 months later, \$34 million of the funds approved by Congress for these supposedly urgent purposes had been transferred by our foreign aid planners to other uses—mostly railroads. (P. 6, Senate Appropriations Committee report on United States Aid to India, April 1954, Senate Committee Print, 83d Cong., 2d sess.)

Although ICA in its memorandum now says this transfer was essential for distribution of the 1953 harvest to the Indian people, the record shows that the freight cars and locomotives for which the \$20 million was allocated were not even contracted for until late 1954 (see ICA Report to Congress on the Mutual Security Program for the 6 Months Ending December 31, 1954), with no deliveries announced until 1956.

Furthermore, the handling of appropriations in this manner is not an isolated case. Official records show that after requesting \$10 million for further railway rehabilitation in 1955, ICA proceeded to obligate \$18.5 million in order to buy steam locomotives in the United States. Then in 1956, after telling Congress it needed only \$6 million for Indian railways, it allocated \$24 million.

Meantime, Representative MEADER's statement that the original cash need not have come through an outright gift, but through business-type loans, is supported by the fact that the International Bank lent India \$32 million for its railways as far back as 1949 and is currently considering more loans on the basis of the sound financial condition of the railway system there.

The Reader's Digest article also says: "In June 1954, 2 weeks before their unexpended balances for the fiscal year would expire if not obligated, our foreign-aid officials in India decided to donate \$1,539,000 worth of prefabricated steel for 52 easy-to-erect grain silos and warehouses to 'demonstrate' what United States storage techniques could accomplish. Last fall, ICA officials admitted that the bulk of the material was still sitting in Calcutta, untouched. Meanwhile, ICA approved a request from its office in India for an additional \$4 million of United States taxpayers' money for 600 more warehouses—in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent."

To this the ICA memorandum replies: "In March 1957, not having received the previously requested assurances with respect to the construction of the 52 buildings, the entire \$4 million project was canceled by ICA."

The fact is that this cancellation came only after the General Accounting Office—in a report to the Director of ICA on January 9, 1957—questioned a new ICA request for grain storage funds in the face of its failure to utilize money already programmed for this purpose,¹ and after the Reader's Digest article appeared (April issue was on stands from March 24). On March 29, 1957—according to ICA's own records—ICA took its first step toward canceling the whole project. The \$4 million was officially deobligated on April 24, 1957.

Such budgeting, spending, and administrative practices, as illustrated by these specific examples, are drawing increasing congressional ire—as witness recent reports of 3 different committees (2 of them issued since the ICA denials were circulated with the protest that many of them occurred several years ago):

1. The House Committee on Government Operations in its fifth report of May 15, 1957, says: "In submitting its budget, ICA seems less concerned with the presentation of a planned program than with securing a lump sum of money for expenditure as the agency sees fit (p. 14). * * * In January 1957, the General Accounting Office transmitted to ICA a memorandum report commenting critically on the budget presentation for fiscal 1957, which pointed out that the principal deficiencies noted 2½ years before were still uncorrected * * * ICA consistently asks for and receives more

money that it has ever been able to use in the year for which requested. This practice has invited the hasty, last-minute obligation of unused funds, which precludes their return to the Treasury" (p. 18).

2. The House Appropriations Committee report on 1957 foreign-aid requests says: "It appears that frequently programs are formulated with little or no consideration of the needs of the country or countries concerned."

3. The Senate Special Committee To Study the Foreign Aid Program, in its report of May 13, 1957, while acknowledging that foreign-aid programs serve the interests of the United States, declares that: "These programs can be made to serve those interests at a lower cost, with a much higher degree of effectiveness than is now the case."

All statements in the Reader's Digest article have been verified in the same detail as the foregoing. However, to keep from drawing out this particular report, here are just essential sources for some of the statements questioned by ICA:

India: "Every year all but a minor portion of our India aid funds are spent in ways having little to do with inspiring self-help. Last year alone at least \$66,500,000 was allocated to buy items which included industrial steel and iron, machinery, machine tools, and raw materials for manufacture. Nearly \$4 million's worth of motor vehicles were given away. Most of these gifts are not connected with any project or program but are just handed over to the Indian Government, which merges them into the state-owned enterprises of its 5-year plan. Official proposals for the future merely look to enlarging such gifts by \$20 million a year."

The figures used here are taken from ICA's official Operations Report Data as of June 30, 1956.

India: Complaints about ICA's Indian program, policies, etc., by G. Corson Ellis, vice president of the Association of Consulting Management Engineers, based on personal experience. See his testimony before House Committee on Foreign Affairs on Mutual Security Act of 1956 (pp. 967-977, May 9, 1956).

Greece and Laos: "In Greece Marshall plan tractors rusted on the docks 2 years after arrival because the country couldn't absorb all the aid we insisted upon giving. Yet no lesson is learned from such waste. Recently, in Laos, a country of 1½ million inhabitants, Congressmen saw a depot crammed with enough expensive drugs, hypodermic needles, and other medical supplies to care for much of southeast Asia."

These incidents are taken from interviews with members of the House Foreign Relations Affairs Committee's Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, relative to mission's reports of July 1954 and March 1956.

Philippines: "Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them was available. Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such water on the scene had already been supplied."

See Hoover Commission's Task Force Report on Overseas Economic Operations, June 1955, page 818.

Washington: "Each year since 1948, the people who run foreign aid have come up with a conveniently timed emergency which has called for enlarging the scope of our operations. In the current fiscal year \$1,749,000,000 was appropriated for nonmilitary assistance—an increase of \$68 million over 1956, even though ICA ended the year with a backlog of nearly 2 billion it had been unable to spend."

¹P. 138, House International Operations Subcommittee hearings of April 4-10, 1957.

The ICA memorandum, without denying these figures, explains that the huge balances represent "a pipeline of unexpended obligations." However, this practice of "obligating"—the allocating of excess funds to various programs to keep them from reverting to the Treasury—has been increasingly criticized by congressional and GAO investigators. For instance, the General Accounting Office in its report to the Director of ICA on January 9, 1957, said:

"We note that for certain projects in countries which we selected for examination, substantial amounts were programed for 1957, although large amounts were unexpended and unobligated. * * * This situation * * * raises doubt that the additional amounts programed for 1957 were needed in that year to insure continued activity on these projects or could be effectively used in 1957. * * * Programing beyond the proximate need for and capacity to effectively use further funds has been prevalent in the past as indicated in our reports on individual country programs. It does not seem to be consistent with the intent of Congress, nor with the concern of the agency for prudent management to stockpile obligations for indefinite future use" (p. 138, House Government Operations Committee hearings, April 4-10, 1957).

Washington: "By 1953 the foreign-aid bureaucracy had become so swollen and top-heavy that Congress ordered a 10-percent cut in its 7,000 personnel. Yet today it has more employees than ever—more than 8,000."

The ICA memorandum—despite its distinction between administrative versus program personnel—does not conceal that the total number of employees has steadily increased, not decreased.

A few items dealt with in the ICA memorandum toward the end merit special comment here.

JORDAN

The Reader's Digest article states: "Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: A half million Arab refugees from Palestine. Our major cure has been to construct thoroughways for the country's fewer than 9,000 automobiles."

ICA says this is incorrect, asserting: "A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel."

According to ICA's own records this statement is simply misleading. These records show that road construction is by far the biggest ICA project in Jordan—with \$7½ million spent for this to date. The House of Representatives Special Study Mission which visited the area, complained that these roads are "of a type far too costly and elaborate for a country as undeveloped as Jordan." (P. 24, Report of House Foreign Affairs Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, March 14, 1956.)

Another ICA document—the chapter on highway development in the June 1956 annual report of the technical service for economic development, USOM-Jordan, page 46, lists construction of 400 kilometers (248 miles) of primary roads, plus 18 smaller projects totaling 120 kilometers (74 miles) being carried forward with United States development-assistance funds. Here are some actual quotes from this official illustrated ICA report:

"American standards of sight distances, gradients and curvature which permit a safe driving speed of 80 kilometers per hour on any portion of the system have been adopted in the development of the primary highway system" (p. 47).

"Two embankments of approximately 30 meter (98 feet) depth were necessary in the design of this (east-west) route and 20-meter (65 feet) cuts are not uncommon. A similar condition exists in the * * * north-

south route. To perform this type of road construction, heavy-duty road-building machinery valued at \$1.7 million has been ordered" (p. 54).

"Additional base course surfacing has been placed on the Amman-Na'ur section in readiness for an asphalt application surface treatment" (p. 55).

That these are not to be the simple gravel roads that the ICA memorandum leads one to believe is given further confirmation in another official report released recently by the Senate:

"In a dispatch from Amman printed in the New York Times of August 26, 1956, Sam Pope Brewer quoted some adverse opinions of American assistance operations in Jordan made to him by Hamad Farhan, Under Secretary in the Ministry of Economy. Mr. Farhan complained that United States funds were not being spent in Jordan to the best effect, specifically that road costs were four times as much per mile as they normally were in Jordan. In reply to this criticism, the United States Information Service in Jordan issued a statement on September 8 referring to recent 'inaccurate and misleading statements.' It pointed out that 'normal equivalent' roads in Jordan are 7 meters wide, 5 meters asphalted, while major point four highways are 9 meters wide, 7 meters asphalt; further that the point four roads are being built to American standards, which require aerial surveying, engineering, and grading of a type not used in 'normal equivalent' Jordan roads. Even so, said the statement, the cost is approximately only 9 percent higher per mile for the modern wide highway" (p. 20, Report on Lebanon, Jordan and Iraq, prepared at the request of the U. S. Senate's Special Committee to Study the Foreign Aid Program by Hamilton Fish Armstrong, editor, Foreign Affairs, February 1957).

This record is from official reports of the USIS, congressional on-the-scene investigations, and, particularly, from the published reports of the ICA itself.

THAILAND

The Reader's Digest article states: "In Thailand a 200-mile asphalt road was undertaken as a one-year \$6½ million 'dramatic demonstration of United States efficiency in peaceful pursuits,' but after 2½ years the estimated cost has skyrocketed to \$18 million for just the first 100-mile stretch, with completion not due before 1958. Meantime, ICA has expanded this 'demonstration' into a series of Thai highway projects which by June will have cost us \$45 million, and no end in sight."

ICA's memorandum says, "The purpose of this road was not basically to provide a 'dramatic demonstration.'" It says now that the \$6½ million estimate was replaced by a \$22 million figure as a result of a survey made prior to ICA's undertaking any contracts for the work—a survey which also led to a decision to build only the first half for \$18 million—leaving the reader to surmise that the second half, which ICA describes as "only the rehabilitation of an existing highway" would cost no more than the difference between \$18 million and \$22 million—or \$4 million at the most. Furthermore, the ICA memorandum says, there was no "mushrooming into a 'series' of other projects, 'with no end in sight,'" but a "comprehensive plan for highway improvement" costing approximately \$45 million "over a 3-year period."

Records of the ICA (and FOA, its predecessor) reveal a somewhat different story:

Press Release No. 209, dated October 11, 1954, announced that a team of engineers had been sent to Thailand to make "an engineering reconnaissance which is expected to lead to the signing of a construction contract with another firm in about 2 months * * * (and) * * * another contract is being negotiated to provide consultative en-

gineering services during the entire period of construction." The same release said: "The Northeast Highway will cost an estimated \$7.5 million (including a Thai contribution of \$1 million) and is scheduled for completion by the end of 1955." It continued: "The Northeast Highway project will serve as a dramatic demonstration to the people of that area of the interest held by the Thai Government and the United States in their welfare and an example of United States efficiency in peaceful pursuits."

Although the engineering team made its report in December 1954, press releases issued throughout the following year kept any higher estimates carefully concealed.

Press Release No. 394, dated June 28, 1955, said merely: "FOA today announced it will provide \$6½ million to help Thailand start construction of its proposed Northeast Highway. The Sverdrug & Parcel Engineering Co. has contracted to perform the engineering for the project. The Raymond Construction Corp. has contracted to do the construction work. * * * The contracts state that it is the intent of the Thai Government to engage the services of these firms for additional sections of the proposed highway in the event additional funds become available."

Only on February 6, 1956, does an ICA release (No. 96) get around to stating that:

"Total cost of the 200-mile road is to be about \$22 million * * *" but with no indication that a decision has been made to build only half of it for \$18 million.

In September 1956—in connection with Representative MEADER's proposed article—the Reader's Digest in a formal letter to ICA asked a series of direct questions about the project. The result was a letter on December 20, 1956, from William J. Caldwell, ICA Director of Public Reports, to the Reader's Digest enclosing a 9-page report prepared by Walter Stoneman, ICA Deputy Chief, Thailand Division. It makes these interesting disclosures:

1. "The cost of the second half of the Northeast Highway will be about \$11 million. The estimated completion date is September 1958." (NOTE.—This is in addition to the \$18 million for the first half of the highway, making a total of \$29 million for this highway alone—one originally justified as costing the American taxpayer only \$6½ million to complete.)

2. An "expanded highway-aid project" was established in 1955 to extend United States aid beyond the Northeast Highway to "19 different stretches of road for spot improvements." As of this year, though, the expanded highway-aid program shifted from spot improvements to embrace "5 primary highways which constitutes the primary highway network of Thailand"—including 378 bridges. "The total estimated United States contribution to the expanded highway aid project through fiscal year 1957 is about \$45 million" (pp. 3-4). (NOTE.—This means \$45 million through June 30 of this year alone—not the total cost, as the latest ICA memorandum implies.)

As for costs after June 30, 1957, the Stoneman report states:

3. "Budget estimates for future years cannot be disclosed under the normal rules governing all budgeting work of the executive branch of the United States Government. * * * However, the following facts very likely will give rise to the expectation on the part of the Thai Government that United States aid will continue for the time being at about the same level: (a) We have undertaken to assist the Thai Government in certain projects which require additional funding for completion, (b) we continue to do joint planning with them regarding certain projects, and (c) the United States has undertaken certain general obligations under SEATO. This is a situation similar to those which are faced in virtually all countries in

which we have aid programs and is a normal result of the annual appropriation system of the United States Government being used to fund what must by their very nature be multiyear activities" (pp. 4-5).

The ICA memorandum implies that the Reader's Digest article is unjust in stating: "This project was tackled without sufficient advance planning. The American contractors' 150 employees have to be paid during the 6-month rainy season, when they can only sit. Congressional investigators have found that the boss of one team collects \$27,750 a year; that 14 other engineers get \$17,400 each; that machine operators make \$700 to \$800 a month, plus 15 percent for being overseas, plus \$300 a month living expenses, plus overtime. None pays an income tax. And now 75 additional high-priced men are being sent to Thailand to join those already there. Such 'aid' cannot be justified even as a means of insuring international cooperation."

Information on the number of contract employees on this one job and their salaries was collected by a Senate Foreign Relations subcommittee field trip in late 1955, and turned over to the Government Operations Committee for investigation.

ICA officials, questioned by the Reader's Digest in September 1956 as to why the road's completion was delayed from 1955 to 1958, cited unexpected difficulties encountered in construction through virgin jungle plus the halting of work during the rainy season. (Interview with Ledford Day, ICA Regional Information Officer and Joseph Bonner, project manager.)

BURMA

Summing up, Mr. MEADER in the Reader's Digest article states: "Officials have admitted to our committee that some programs would well be taken over and paid for by the host countries—except that the latter don't think they're worth their own cash and would drop them. Meanwhile, Burma, 4 years ago, rejected further wholesale gifts from the United States. A congressional investigator was told in Burma: 'By being so aggressively friendly and insistent that we accept your money and superior knowledge in working out our destinies, you Americans insult us without meaning to.' This reaction is spreading. Is it not time to call a halt to this senseless, arrogant spending? Let's stop measuring the success of our aid by the amount of cash we can give away. Let's concentrate instead on helping people to help themselves with fundamental programs, meanwhile encouraging them to accept development by private enterprise so that their economies may grow and they may eventually stand alone instead of as dependents on an annual handout from the United States taxpayers."

Challenging the statement that Burma "4 years ago rejected further wholesale gifts from the United States," ICA memorandum says: "In 1953 * * * Burma, for political reasons not related to the United States aid program, requested that the program be phased out. * * * However, we are again carrying on a program in Burma."

The reasons for Burma's canceling the United States aid program in 1953 were stated thus by Congressman WALTER H. JUDD, original sponsor of an Asiatic aid program, during House Foreign Affairs Committee hearings on the Mutual Security Act of 1956 (p. 457): "Burma interrupted the former aid program from us because she didn't like the way we were doing it." The report of the special study mission of which Representative JUDD was a member, put it this way: "The Burmese wish to stand on their own feet. * * * Many Burmese have opposed any American aid lest it turn out to be, as the Communists charge, the entering wedge by which the United States might attain for itself a position of dominance

over Burma's economic life, and perhaps try to control Burma's international policies." (Pp. 95-96, Report of Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, March 14, 1956.)

The United States-Burmese agreement of March 21, 1957, bears out that ICA is not "again carrying on a program in Burma" despite its statement to this effect. The Burmese Ambassador in Washington confirms that Burma does not want any United States Government gifts of so-called foreign aid. Under the agreement, Burma will receive dollars only in return for its own commodities and from business-type loans repayable in 73 installments at 3 to 4 percent interest. The Burmese Ambassador states that there is to be no ICA mission set up in Burma. Burma will hire its own technicians, American or any other nationality. These technicians will work directly for and be paid entirely by the Burmese Government. The Burmese Government will originate and carry out its own projects when, as and if it pleases. The United States role will be merely that of a banker—with representatives at our Embassy in Rangoon to see that the projects selected by the Burmese Government carry out the overall purpose of the loans.

What has actually happened in Burma bears out the points which the article has stressed.

On the basis of the record set forth here the people should be better able to judge the accuracy of Mr. MEADER's article. The purpose in printing the article was not to oppose bona fide program to help underdeveloped countries help themselves. It was to disclose to the American people what appeared by the record to be some of the evidences of waste and inefficiency which impede the effective use of their foreign-aid dollars.

I only want to comment on two of the examples of waste and extravagance in dispute. The first example I have selected because in news releases, comments of radio broadcasters and magazine articles based on the Hollister memorandum, was most frequently referred to the \$128,000 cow barn in Lebanon. First, I will read what was said about that particular example of waste in the Reader's Digest article:

In the name of foreign aid our Government had built a \$128,000 cow barn in Lebanon to demonstrate to average farmers living on \$100 or less a year the equipment they should provide themselves with in order to get ahead.

Mr. Hollister's memorandum with respect to that example says:

ICA records show that the United States contributed \$48,265 toward the construction of an experimental barn, sheds, yards, silo, et cetera. This is almost \$80,000 less than the article states. The Lebanese Government itself spent 100,000 Lebanese pounds, about \$30,000 in addition.

What was the source of the cost figure which I gave in the Reader's Digest article? The source is the printed testimony in the House mutual-security-appropriations hearings for 1955 on page 345. There was discussion by members of the Appropriations Committee and the staff, some of whom had visited this model farm at Terbol, Lebanon, October 5, 1953.

On that inspection there were four members of the House Committee on Appropriations; the Honorable H. Carl Andersen, of Minnesota; the Honorable

Oakley Hunter, a member at that time; the gentleman from Iowa, Mr. Jensen; and the gentleman from Wisconsin, Mr. Laird.

There were two members of the House Foreign Affairs Committee who joined that Appropriations Committee group on this inspection, the Honorable LAWRENCE SMITH of Wisconsin, and the Honorable WINSTON PROUTY, of Vermont. Both groups were accompanied by staff members; Mr. Ross Pope of the Appropriations Committee and Mr. Bullock of the Committee on Foreign Affairs.

I made further inquiry concerning the cost of the cowbarn in Lebanon after the \$128,000 figure was challenged by ICA. This is what the printed record of the hearings says, and I quote from the page previously referred to:

We noticed that particular building which was supposed to be a model—

Said Representative H. CARL ANDERSEN, of Minnesota.

Evidently the idea was to show the Lebanese farmers what could be done. It was all out of proportion to anything that the Lebanese farmers could do in the future. We thought it would have been much more practical to have had some down-to-earth experimental buildings that the Lebanese farmers could look over and get information on how to construct them. That particular building included a milking parlor. I might say that in my section of Minnesota—one of the greatest dairying States—we have not had an opportunity to have such an institution constructed. To me it is simply a waste of funds. There was over \$100,000 thrown away on this particular extravagance.

Then Representative TABER, then the chairman of the committee, interjected:

The Clerk tells me that the actual cost of this thing is \$128,000.

To all this, Norman S. Paul, the agency's regional director, simply replied:

We have not been happy with the progress of the program in Lebanon. I will have to check and find out why this particular project was ever permitted.

I may say, Mr. Speaker, that I went to the trouble of contacting Mr. Ross Pope, of the Committee on Appropriations, to ask him whether or not the International Cooperation Administration ever corrected the figure that was used by the Congressmen in the hearings of the Committee on Appropriations. I find there was no correction made, notwithstanding the statement by the witness, Norman Paul, that he would check it and find out about that project. So, in other words, the printed record of the 1955 hearings of the Mutual Security Appropriations Subcommittee contain this reference to the cost of a cow barn as \$128,000. The International Cooperation Administration never undertook to correct that figure until it was used in the Reader's Digest article.

Further, the difference between the \$78,000, that is, the \$48,000 they talked of as ICA funds and the \$30,000 that was Lebanese funds, and the \$128,000 may be accounted for by a difference in the items included in the total cost of the cow-barn project. Perhaps the ICA took only the shell of the building, whereas the figure used by

the Appropriations Committee may have been the entire project, with equipment, supplies, and whatnot. I daresay the ICA, if they wanted to, could easily explain the details which obviously account for this discrepancy. Mr. Ross Pope kept a diary of his trip to Lebanon and the visit to the agricultural experimental station at Terbol, which is a part of the files of the House Appropriations Committee. His diary, recorded at the time, sets forth the figure of \$128,000 as the cost of the cow barn. Obviously, this figure was received from International Cooperation Administration officials on the spot who ought to know, and the Appropriations Committee did not make that figure up out of the air.

I have also checked with other Members of the House of Representatives who were present and who had the recollection that the figure is approximately correct. I might say I even took the trouble to contact our former colleague, the Honorable Oakley Hunter, who wrote a letter to his constituents from most of the places the committee visited, but the one that he wrote from Lebanon for some reason never got back to the United States, and that letter constituted the only notes he had.

In any event, whether the figure is \$128,000, whether it includes the same items on which the ICA got a figure of \$48,000 and undertook to criticize my article, it seems to me the amount is not the significant thing.

The fact is that the barn was a very elaborate proposition, far out of keeping with the type of farming that could be done in Lebanon. As these colleagues of mine with whom I have spoken show, they were shocked at this monument that was built at Terbol out of United States taxpayers' funds.

I want to mention only one other example, and that is because it is most illuminating. I notice my colleague, the gentleman from Virginia [Mr. HARDY], the chairman of the International Operations Subcommittee, here on the floor. I call attention also to the fact that the hearings on the mutual security bill for 1957 contained a list of comments by the International Cooperation Administration on the conclusions of our committee's report on Iran. They are set forth at length in those hearings. But I do want to refer while the gentleman from Virginia is here to an example that came up in our committee's hearings, and that relates to the aid program in India.

The Reader's Digest article to which I have referred called attention to the fact that we had provided steel for some 52 prefabricated warehouses for India, and that notwithstanding the fact that the 52 silos and warehouses had not been erected ICA was asking for \$4 million more.

The thing that I learned from this study of the ICA comments on my Reader's Digest article is that the work of the General Accounting Office and particularly its report to the Director of ICA on January 9, 1957—the comment in my Reader's Digest article which, as I say, was on the newsstands on March 24, and the hearings of the International Opera-

tions Subcommittee, seem to have resulted in a saving of \$4 million for the Government of the United States.

What happened was this. On March 29, 1957, according to the ICA's own records, the ICA took its first step toward cancelling the \$4 million for warehouses in India. The \$4 million was officially deobligated on April 24, 1957. But, the hearings of the House International Operations subcommittee to which I referred occurred April 4–10, 1957. I may say that a good deal of the time of the committee in examining examples of overprogramming was spent particularly on this item of \$4 million for warehouses in India, to which I have referred.

Mr. HARDY. Mr. Speaker, will the gentleman yield?

Mr. MEADER. I yield.

Mr. HARDY. I am always glad whenever we can measure in actual dollars evidence of savings as a result of committee work. I am sure the work which the gentleman from Michigan has put into this subject has contributed a great deal to this particular \$4 million that he is discussing. If the work of our committee had a part in bringing about that saving, I am grateful also. The gentleman has referred to some remarks which the ICA made in refutation of his article and also some remarks which the ICA made in reply to the work of our subcommittee. I certainly do not want to engage in any backing and filling on such a controversy as this. So far as I know there was nothing in the article, which the gentleman wrote, which was not factual. I am definitely sure that the report which we issued on Iran, and the other reports which we have issued involving the ICA are just as factual as we are able to make them. If there are any errors in them it is due to the uncooperativeness of the ICA, which agency gave us a lot of trouble so far as giving us accurate information is concerned as the gentleman very well knows. I commend the gentleman for calling attention to these savings and I commend him for the work he has done in bringing them about.

Mr. MEADER. I thank the gentleman.

Mr. Speaker, my purpose in these remarks is to set the record straight, because a great many of my colleagues have spoken to me concerning the correspondence they have received as a result of the April Reader's Digest article. Many Members of the Congress received the criticism of my article dated April 19, 1957, from the International Cooperation Administration. When we are considering this mutual-security legislation, not only my colleagues, but the public who have seen either the memorandum itself or a news release or have heard radio broadcasts or have read magazine articles based upon it want to know the truth. The analysis of the comments of the International Cooperation Administration I am inserting in the CONGRESSIONAL RECORD should set that question at rest.

I may say, in general, the comments and the criticisms of the ICA memo of April 19, 1957, did not meet the real sense and purpose of the points I made

in the Reader's Digest article. They are rather petty and trifling comments and, in general, it seems to me they were an attempt to distort rather than to clarify.

Mr. HARDY. Mr. Speaker, will the gentleman yield?

Mr. MEADER. I yield.

Mr. HARDY. I certainly would not want to engage in any controversy regarding the ICA or for that matter any other agency. I think the factuality of the matters which our committee has presented are evident. The only observation I feel disposed to make is that the ICA always likes to deal in generalities. This subject is pretty hard to generalize, but I would like to make a general application of the finding we made with respect to Iran as they concern other countries. I would have to make this observation, though, that the pattern seems to be all too clear from the reports of the General Accounting Office which we have had an opportunity to review, and the mistakes we have made in Korea. It seems rather clear that the same mistakes, the same errors, the same glaring inefficiencies and deficiencies which were practiced in Iran have been multiplied in Korea. It is a most unfortunate situation and our committee will certainly try to bring to the attention of the Congress as soon as we can the full facts on these matters.

Mr. MEADER. Mr. Speaker, before the Reader's Digest article was published I had a documented, detailed, footnoted reference to the source material which was the foundation for every factual statement made in that article. By and large, those sources were the hearings and reports of congressional committees or the reports of the International Cooperation Administration itself. I hope I have been able to set the record straight on this matter which has been of interest to my colleagues in the House as well as to the public at large.

And I should like to concur in the statement made by the gentleman from Virginia that the committee of which he is chairman will continue its efforts to scrutinize the manner in which foreign-aid funds are administered and whether or not there are deficiencies and extravagances in the use of public funds. Even though I am strong for the program of helping our allies abroad I cannot defend this waste and extravagance. I do not believe that sloppy administration and great latitude lead to economy in the administration and expenditures of public funds.

Mr. HARDY. Mr. Speaker, will the gentleman yield further?

Mr. MEADER. I yield.

Mr. HARDY. I do not want to indicate that I have not supported this mutual security program; I have, for I have felt that it was only in our own interest to do it, but I do not know how long I will be able to continue if we do not clean up these deficiencies. I do not believe in spending \$3 billion to accomplish a job we ought to do for half a billion.

Mr. MEADER. I thank the gentleman and yield back the balance of my time.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 17, 1957
For actions of July 16, 1957
85th-1st, No. 125

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HIGHLIGHTS: House debated mutual security authorization bill. House committee reported bill to permit use of soil bank acreage in establishing future acreage allotments. Senate received USDA feed grains report. Sen. Fulbright announced postponement of hearings on bill to increase interest rates on certain Government loans.

HOUSE

1. FOREIGN AID. Continued debate on S. 2130, the mutual security authorization bill. pp. 10713-66
2. ACREAGE ALLOTMENTS. The Agriculture Committee reported without amendment H.R. 8030, to amend the Agricultural Adjustment Act of 1938 so as to provide that acreage placed in the soil bank shall be counted as a part of total acreage for purposes of establishing future acreage allotments for a farm (H. Rept. 817). p. 10771
3. FORESTRY. Conferees were appointed on S. 469, to authorize the U.S. to defray the cost of assisting the Klamath Indians to prepare for termination of Federal supervision, and to defer sales of tribal property, including timberlands. (p. 10703) Senate conferees were appointed June 24.
4. ADMINISTRATIVE ORDERS. The Judiciary Committee ordered reported with amendment H.R. 6788, to authorize the abbreviation of the record on the review or enforcement of orders of administrative agencies by the courts of appeals and the review or enforcement of such orders on the original papers and to make uniform the law relating to the record on review or enforcement of such orders. p. D658

5. GRANTS-IN-AID. Rep. Pelly urged the passage of legislation authorizing a study of Federal grants-in-aid. pp. 10766-67

SENATE

6. FEED GRAINS. Received from this Department a report on the study of possible methods of improving the feed grain program. p. 10642
7. LOANS. Sen. Fulbright announced the postponement of the Banking and Currency Committee hearings on S. 2427, to improve the coordination between the loan programs and fiscal and credit policies of the Federal Government, until the next session of Congress, and inserted correspondence with the Budget Bureau on the effects of the bill, including an increase from 2% to 3 5/8% for REA loans from the Treasury and from 3% to 3 3/4% for FHA loans, and an increase to the same rates as the minimum for new borrowers. pp. 10652-3
8. TOBACCO. Sen. Cooper urged the Senate to wait for more studies on whether cancer was caused by cigarette smoking before enacting bills to require warning labels on cigarette packages, and inserted statements by a scientist and men in the tobacco industry commenting on the Surgeon General's statement. pp. 10658-61
9. DISASTER RELIEF. Sen. Yarborough inserted a report from the Small Business Administration relative to the disasters in Texas this spring. pp. 10664-5
10. INTEREST RATES. Sen. Bush inserted tables showing interest rates abroad and a statement on the monetary restraints imposed by European nations in order to check inflation. pp. 10640-1
11. WEATHER-CONTROL RESEARCH. In reporting S. 86 (See Digest 121) to provide for research in cloud modification, the Committee amended the bill so as to (1) give the National Science Foundation overall authority over the program through grants to, or contracts with, public or private institutions or agencies and (2) enlarge the scope of the program so as to include the phases of weather modification such as suppression or diminishing of hail, lightning, fog, smog, tornadoes, and other weather phenomena.
12. PUBLIC WORKS APPROPRIATION BILL, 1958. The Senate report on this bill, H.R. 8090, dated July 12, includes statements as follows:
- Water resource development. "The program of water resource development has not had a green light for almost two decades. In fact, except for the navigation phase of this program, its entire existence has been marked with one emergency after another..."
- "During the previous 2 years this committee recommended a number of new starts on urgently needed and long-deferred projects. The day is here when this country needs an accelerated program of soil and water conservation due to a succession of emergencies. The program for conservation of our natural resources has lagged far behind the general economic development of this Nation. The committee has therefore recommended a few new starts on projects in each of the major fields of resource development covered in this bill. The relationship of these programs to our economy are discussed in the following paragraphs."
- Water Supply. "The River and Harbor bill, S. 497, as passed by the Senate includes provision for a more realistic approach to the repayment by local interests for the cost of water supply features of multi-purpose reservoirs. For a number of years this committee has discussed in its reports the

the natural-born alien children of Francis J. Skye, a citizen of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARIAN DIANE DELPHINE SACHS

The Clerk called the bill (H. R. 5721) for the relief of Marian Diane Delphine Sachs.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of Private Law 694 of the 82d Congress, the periods of physical presence in the United States established by Marian Diane Delphine Sachs shall be held to have occurred subsequent to her 14th birthday.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RELIEF OF CERTAIN ALIENS

The Clerk called the resolution (H. J. Res. 392) for the relief of certain aliens.

There being no objection, the Clerk read the resolution, as follows:

Resolved, etc., That, for the purposes of the Immigration and Nationality Act, Ka Tim Lee, Veng Tang Wong Lee, William Cleveland Lee, Kam Man Leung, George Quon Lok, Fung Chen Yee, Linda King, Walter King, Ellen Yui-Shang Chung Au, Ezra Dweck, Bill Shao-Run Hwang (Wong), Jan Zien Huang, Ethel Chun Huang, Ludvig Aleks Sigus (Ludwig Sigus), Giuseppe Favorito, Mrs. Georgla Loizos, and George Kefalas shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act in the case of Ludvig Aleks Sigus (Ludwig Sigus). Upon the granting of permanent residence to each alien as provided for in this section of this act, if such alien was classifiable as a quota immigrant at the time of the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to reduce by one the quota for the quota area to which the alien is chargeable for the whole year that such quota is available.

SEC. 2. For the purposes of the Immigration and Nationality Act, Jose Arriaga-Marin shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon the payment of the required visa fee.

SEC. 3. The Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrests, and bonds, which may have been issued in the cases of Alf Andreassen Maberg, also known as Alf Anderson, and Alexandra Vislievna Ghermanoff. From and after the date of the enactment of this act, the said persons shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued.

With the following committee amendments:

On page 1, line 6, strike out the name "Linda King."

On page 1, line 7, after the name "Ezra Dweck", strike out the name "Bill" and substitute in lieu thereof the name "Billy."

On page 1, line 9, after the name "Giuseppe Favorito", insert the name "Hubert Wellington James."

On page 2, lines 22 and 23, strike out the following language: ", also known as Alf Anderson" and substitute in lieu thereof the following "(also known as Alf Anderson)."

The committee amendments were agreed to.

The House Joint Resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DEZRIN BOSWELL JOHNSON

The Clerk called the bill (H. R. 1851) for the relief of Dezin Boswell Johnson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of section 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, Dezin Boswell Johnson (also known as Dezin Boswell Johnson) shall be held and considered to be the natural-born minor alien child of Mrs. Martha Allen, a citizen of the United States.

With the following committee amendment:

Page 1, line 5, strike out "Johnson" and insert "(also known as Dezin Boswell Johnson)."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "A bill for the relief of Dezin Boswell (also known as Dezin Boswell Johnson)."

A motion to reconsider was laid on the table.

JOSEPH E. MILLER

The Clerk called the bill H. R. 3920 for the relief of Joseph E. Miller.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to credit the account of Joseph E. Miller, Lockport, N. Y., in the sum of \$630. Such sum represents an overpayment of an allotment in favor of his father, Joseph A. Miller, 128 Erie Street, Lockport, N. Y., for the period September 1944 through February 1946.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that further call of the Private Calendar be dispensed with.

The SPEAKER. Is there objection? There was no objection.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, a point of order. I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. GORDON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 144]

Anderson, Mont.	Fulton Grant	Scott, Pa.
Bailey	Haskell	Staggers
Barrett	Healey	Taylor
Beamer	Holtzman	Teague, Tex.
Bowler	Kearney	Teller
Breeding	Knutson	Thornberry
Brooks, La.	McCormell	Tollefson
Byrd	Miller, N. Y.	Van Zandt
Cannon	Murphy	Vursell
Chudoff	O'Ronski	Wharton
Cramer	Powell	Wilson, Calif.
Dawson, Ill.	Santangelo	Zelenko
Flood	Scott, N. C.	

The SPEAKER. On this rollcall 397 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1957

Mr. GORDON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2130, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

Mr. GORDON. Mr. Chairman, I yield 25 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, no one can tell how close to destruction, or how close to a new epoch of amazing advancement with ever-broadening horizons, is the world in which we live.

Man, by fear and by distrust, can destroy himself. He has at hand the means. His hunger for knowledge, his ceaseless industry in the quest for the unfolding of the secrets of nature, have produced the means by which he can advance himself to a civilization higher than any of which he ever had dreamed or by misuse, resulting only from unfamiliarity with the power he has created, can wipe out the civilization he has builded.

Man by faith that in him is the wisdom and the strength well to use that which is given him can lift himself ever from one plateau to a higher plateau.

Power itself does not make the individual or the nation. In itself it holds the promise of a security merely temporary and that will be dissipated by misuse. If in physical power and in the strength of arms there were the assurance of permanent security Gibbon's Rise and Fall of the Roman Empire never would have been written.

Nations start on the road to decline when the decisions of their statesmen are dictated by the expediency of the

moment and by a self-interest that conflicts with the moral law.

It was in this historic Chamber but a few days ago that the visiting Prime Minister of Pakistan said:

I recall the time when, if you had desired to conquer all the nations of the world through the means, the powerful means, in your hands, you could have done so; but it was your moral strength that not only did you restrain yourself, but also you showed to the world that peace was safe in your hands, that you believed in the rights and privileges of the human race.

Mr. Chairman, it is my prayer as it is the prayer in every American home that from that high plane of morality, when by the then use of the atomic bomb we could have conquered all the world and did not, our United States of America never may take a backward step.

It is with this thought that I approach my humble participation in this debate. The atomic bomb no longer is in our exclusive possession and under our exclusive control. Our mission now is more difficult, but it is still the mission of peace. It is a challenge to the best that is in us. It is a call upon our resolution. Ours is the task of maintaining the peace by deterring another nation, now possessed of A-bombs and H-bombs, from doing that which we refrained from doing. This may be a strain upon our resources, but if we fail in the mission of peace that is our destiny and our dedication our country and the civilization of which it is a part will pay the price of our faintheartedness.

Our mission of peace is divided into two parts, closely interwoven. One part calls for a defense strong enough to deter the Kremlin from the commencement of an atomic war. The other part calls for the economic building of the world, the revitalization of neglected areas, the release of peoples everywhere in a rich universe from the slavery of poverty so that the discontent that leads to misunderstanding is removed.

I cannot speak with the authority and with the intimate detailed knowledge that long study and experience have given to my colleagues of long tenure on the committee. My previous service had been with the Banking and Currency Committee which, to a limited extent, gave some background because of the jurisdiction of that great committee over legislation affecting the Export-Import Bank, the World Bank, the control over exports and other matters that touched upon the borders of foreign policy. Of the Democratic members of the present Committee on Foreign Affairs there are four who served previously on Banking and Currency, the gentleman from Arkansas [Mr. HAYS], the gentleman from Ohio [Mr. HAYS], the gentleman from North Carolina, [Mr. FOUNTAIN], and myself.

I came to the Committee on Foreign Affairs at the commencement of the 85th Congress, and since then I have worked with diligence, earnestly striving to gain knowledge and understanding in a new field, its complexity the greater because much of the evidence given the committee and the information available to it is classified.

It has been an exhilarating experience to have served in association with the members of this committee, all of whom, and there are no exceptions, work with industry and a patriotic devotion that is outstanding. I am very thankful to the leadership for giving me the rare privilege of such association and I am most appreciative of the gracious and helpful assistance that at all times the senior members of the committee have given to the newer members.

My distinguished colleague from Illinois, Chairman GORDON, has won the admiration and the affection of all the members, both Republican and Democratic, by his fairness, his courteous treatment of all times of witnesses and members of the committee and of the staff, by his deep understanding of the many phases of foreign policy and by his orderly conduct of the business of the committee.

In the 81st Congress I had voted against armed aid to Europe. That was at the beginning of a program that now covers the entire world, the free nations of which we have furnished with small arms and large arms and the ammunition for their use, with vessels of war and with aircraft. Whether my vote in 1947 was the right vote or the wrong vote only time can determine. In 1949 I voted as I did, and after 2 days and nights of meditation and of prayer, because I had lived in an earlier period when Germany and France, having embarked upon a race of armaments, were exhausting in that contest for power and strength all of their resources that to us in the United States, then so far away, seemed could more advantageously have been used in advancing the welfare and building the contentment of the peoples of those countries.

To us it seemed so foolish to build for war thinking that war would never come if all the means and energy of the contestant nations were centered on preparing for war. But the race of armaments went on and in the end we in the United States became party to two world-devastating wars that destroyed both Germany and France as great world powers and that brought upon our United States its present responsibilities and burdens of world leadership.

So I voted in 1949 against armed aid to Europe, but also I voted against an amendment to reduce the authorization for that purpose. While I was against the thing itself, if in the judgment of the majority of my colleagues the security of our country required its doing I did not wish it to be done half-way. We can and in a representative democracy we should advance our differing opinions as to the proper courses to take, but once a decision has been reached by vote of the majority it is the patriotic duty of the minority in disagreement to adopt the decision and to give to the course of action decided upon a full support.

Eight years have passed since the recall of 1949 that decided American arms were to be placed in the hands of nations in Europe friendly to the United States. The program since then has been vastly expanded. All over the world in the

hands of nations of undoubted loyalty to us, and as well in the hands of nations that conceivably under certain conditions could turn against us, are guns and vessels of war and planes, many jet powered, and ready on an instant's notice for the outbreak of an atomic war.

Mr. Chairman, this was the background of my thinking, a reflection of my faith and of my philosophy, when I came as a new member to the Committee on Foreign Affairs in the early days of last January. I have listened day after day to witnesses who spoke at executive sessions—usually, I thought, with frankness and with candor. We were given a pretty complete picture of our accomplishments to date and the purpose and probable effectiveness of the objectives we were seeking to reach.

Much of this testimony properly could not for security reasons be divulged. I believe that the American people should to the fullest extent possible be given objectively all of the facts that bear upon the determination of questions that affect their security and their lives, but it must be apparent to everyone that the public disclosure of all the testimony that was given in executive sessions of the Committee on Foreign Affairs would be equivalent to spreading a blueprint of our installations and our strategy on the tables of the Kremlin.

I have come from the executive sessions of our committee with the firm conviction that for the present it is as necessary for the United States to keep up its guard as it would be for a municipality to keep police in an area where there was lawlessness and gangsters were at large spreading terror.

I have come from these executive sessions relieved of the fear that previously always had haunted me in this atomic age that a mad impulse would bring upon our country a Pearl Harbor magnified a million times. It might be that a leader in the Kremlin, growing desperate by the turn of adverse advents, would take a chance on a surprise atomic attack upon American cities. Such an attack conceivably could destroy such cities as New York, Chicago, Los Angeles, Washington and such installations as the Panama Canal. What the effect of such an attack would be upon the American people, our large cities destroyed and the highways and the railroads that furnish our means of transportation blown into a condition of chaos, no one could tell.

Someone in the Kremlin, grown desperate, might elect to take the chance. What holds him back? That question now has been answered conclusively to my satisfaction. In the event of a million-magnified Pearl Harbor Day, no matter how great the catastrophic damage to us, within a matter of hours practically all of Russia would be destroyed. That is the conviction of our wisest military chieftains. In making this statement I am not divulging classified information since the conclusion of our own military chieftains in this regard is undoubtedly that of the chieftains of the Soviet.

As long as we have a retaliatory power that the Kremlin knows—as well as do our own military leaders—can effect this toll, regardless of the initial damage done to us, there is no danger of the order for the attack being given unless the one who gives the order is intent on his own and his country's suicide.

Here briefly is the situation as I glimpse it: First, at the present time and as a result of what we have accomplished under the Military Assistance Program we have a retaliatory power sufficient to be a deterrent of any major attack; second, we are maintaining this retaliatory power at a minimum expense by our arming of friendly nationals who are paid approximately one-tenth of the cost of maintaining American service personnel, and also reducing vastly the number of American personnel called for service overseas; third, the present position, advantageous to us, would be perilously changed in 2 years' time or less if we abandoned many of our bases so that the ring then would be punctured, thus destroying the around-the-circle coverage that is absolutely necessary.

The most significant index of Soviet intent is furnished by its rapid submarine expansion. The cost of construction and of maintenance of submarines is very large, and as has been shown the submarine has little if any value in the waging of a cold war since it is something that is sought to be made invisible. The submarine is definitely an instrumentality of a hot war. Today Russia has well over 400 modern, high-powered, atomic-equipped submarines, many times the number of Germany's submarines in World War II. This is something that cannot lightly be dismissed from the calculations of prudent persons. As long as we possess the retaliatory power to serve as a deterrent of the inauguration of a hot war, the submarines are a matter of no real danger to us, but with the coming of a hot war they would enter very seriously into our strategy for defense.

Under the circumstances that obtain and from the presentment made to our committee, which obviously cannot be divulged in all the military detail, I am convinced that we cannot for the present do anything that would weaken our present position upon which depends the security of our country. The cost of maintaining unweakened our present position may be large, but it is infinitesimal as compared with the cost of war if it should come. On this I think there is universal agreement.

But fear of war that never may come, while serving the useful purpose of alerting us to keep up our guard, should never be permitted to be used as an excuse for waste and extravagance. The dollar of the American taxpayer is not to be disseminated by the urgency of the use to which it is put. I think that we could safely cut into the budget perhaps \$1.5 billion for this item without impairing by as much as a featherweight the efficiency of the program.

The wisest of military men are not the wisest of financial administrators. This is necessarily true since in the maintenance of their operations they have to look only to appropriations from the

Congress, and there is not that training in fiscal management that experience gives to the citizen who has rent and other expenses regularly to be met from the receipts of his business.

The other body reduced the budget figure by \$227 million and our committee has voted a reduction of \$622 million. I think that in all reasonable safety the cut could be at least \$1 billion. However, the Committee on Foreign Affairs can get at best only a general view. When the Committee on Foreign Affairs, listening to and weighing all that has been told it by the many witnesses appearing before it, recommends a reduction of at least \$622 million on the budget figure, it is not by any means saying that the Committee on Appropriations, which has the responsibility of more detailed study, should not wherever its studies justify make a further reduction. I would expect that the appropriation bill would cut under the authorization bill, but the ceiling we place by the authorization should in all prudence be high enough to meet all demands of security as they might be determined by the Appropriations Committee in its more detailed studies.

In short, what our committee is saying is that the budget figure can be cut at least \$622 million without any impairment of our security or adverse effect upon our foreign policy, and this leaves it to the Appropriations Committee and the House to determine if in the interests of economy and efficiency further cuts can be made.

Now, Mr. Chairman, I come to the matter of the development loan fund. This is a highly controversial matter. Unfortunately it is something on which the American people generally are not too well-informed. There has been a natural feeling among our people that we could not, when our own National debt was perilously rising, and there was no reduction thereof, go on endlessly pouring money as grants into countries, some few at least of which had recovered due to our help and were now on a healthy economic level. There has been the natural feeling that however good the heart the hand must be stayed from giving more than a proper regard for the welfare of our own people justified. I presume it all gets down to this, that the good shepherd cannot overextend himself or his flock will get out of hand. There are limitations to our resources, and there must be good management as well as good intent in their use.

I have said earlier in these remarks that I have always been fearful of the outcome of a race of armaments. There may be instances in history where a race of armaments between countries with conflicting ambitions did not end in an armed conflict, but at the moment I can recall no such instance. If the present race of armaments, the greatest the world has ever known, continues on its course without the factors that work for peace meanwhile being promoted, the end is as certain as the night following the day. I have said often in this trying period give us but a decade or two to work at lifting the unbearable economic burdens of neglected peoples and we really will have laid the foundations of a

permanent peace by removing the causes that make men responsive to the cry for war.

If we spend billions a year for arms and nothing to help men and women to their feet we will find that we have been judged by our works and learn too late the lesson that he who lives by the sword will perish by the sword.

What is proposed in this bill reported by the committee is the establishment of a development loan fund with an initial appropriation of \$500 million, supplemented with a borrowing power of \$500 million in fiscal 1959 and of an additional \$500 million in fiscal 1960. This amounts to a fund of \$1.5 billion which we will put into the very important work of developing the economies of other nations. It will be a revolving fund, and the loans made from that fund can reasonably be expected to be made with the same sound business judgment as are the loans of the Export-Import Bank and the World Bank.

The main difference is that the loans of the Export-Import Bank and of the World Bank are repayable with interest in American dollars and those of the proposed Development Loan Fund in local currencies. The loans of the proposed Development Loan Fund are called soft loans for no really valid reason except that they are to be repaid with interest in the currencies of the countries to which they are granted.

For purposes of simplification I will illustrate: First, a loan is made for a development that will serve a useful purpose in a certain country; second, the project proves to be successful and the interest and principal payments on the loan are faithfully made, but in local currency; third, as this is a revolving fund the local currency received is loaned as received for another development in that country, and this loan in turn proves to be successful and the principal and interest repayments are made as contracted, to the end that the fund has a constantly expanding volume of local currency for other loans and for other developments in that area; and fourth, as a result of the revolving character of the fund and the repayment of old loans in local currency there is always available in that country ample financing of needed developments without any necessity of making an exchange of local currency for American dollars and without the necessity of calling upon the United States for additional funds. It is just that simple.

The argument will be made, and with sincerity, but I think with a misconception, that the loans made by the development loan fund will actually be grants and will not be repaid. The same argument was made and with the same sincerity when the Export-Import Bank program was first proposed. It is true that some of the loans of the Export-Import Bank went sour, but this was true in a negligible number of cases, in fact less than the percentage obtainable in the case of loans made by the most careful banks in our own country, but the losses on these few bad loans were absorbed by the profits made on other loans. There is no good and valid reason why with the loans made payable in

local currency, under the direction of the same good banking judgment, that the loans payable in local currency should produce a less favorable history. There is, too, this other and peculiar advantage: there always will be available a reserve of funds in local currency to meet the demands for the financing of other developments in that country.

It is not necessary for me to take the time of the committee to stress the benefits that the United States will derive from an improvement in the economy of any country with which we do business. If the \$1½ billion that we are asked to put into the development loan fund never in any part was returned to the Treasury of the United States, by revolving around and around in the financing of developments in other lands that gave to the people therein a greatly increased buying power, we in the finding and supplying of new markets for our products would reap a return many times that of our investment.

Let me pause here to mention that in the first few months of the year 1957, when our own domestic economy was sagging, our head was kept above the water by an increase of 27 percent in our export orders. This information, which furnishes an index of what we reasonably may expect as the future dividend from our investment in foreign economic assistance, I gleaned from an authoritative article in the usually reliable New York Times, and on the financial page.

Our own national advertisers spend millions of dollars every year for newspaper and magazine advertising and for radio and television programs. I never have heard a stockholder or anyone financially interested in these advertisers say that this was giveaway money representing waste and extravagance. In a very true sense, it is money given away with no direct return. It is money spent to promote sales of the products of the advertiser, and that they call good business.

If we were using \$1½ billion of Federal money and credit in a 3-year program merely to promote new foreign markets for American products we would not be more than matching what sound and successful American businesses spend in a comparable period to promote sales at home.

Furthermore, many of the products of our national advertisers are sold on consumer credit, which is in the soft loan classification. They are soft loans because they are unsecured by real estate or other pledge and their repayment is to be made from wages not yet earned and dependent upon continued employment. If soft loans, reflected in consumer credit, have contributed so vastly to our prosperity at home, and have come to be accepted and adopted by our largest banks, why all this hub-bub about soft loans that are intended to build new markets for our products in now neglected foreign areas? I suspect it is just another manifestation of the ages-old fear of a change in dear old status quo as progress marches on.

The record as it is given in the article on the financial page of the New York Times, showing an increase this year of

27 percent in our export business, is pretty conclusive proof that foreign economic aid in the benefits accruing from it is not a one-way street.

The argument that by the creation of this local development fund, starting it off with \$500 million, and with borrowing authority for an additional \$1 billion, is fixing in the Executive Office an authority that rightfully should be retained by the Congress, quarrels with the concept with which we successfully have been proceeding for many years. The pattern on which it is proposed to fit the loan development fund is exactly that of the Export-Import Bank. It would be absurd to charter a bank in our own country tentatively for a year with no assurance to prospective depositors and borrowers that the doors of the bank would be open after the first year.

The development loan fund will have on its board of managers the Chairman of the Board of the Export-Import Bank. This in itself would suggest that the loan policies of the new instrumentality would be substantially on the lines of those of the Export-Import Bank, the sole difference being, as I have pointed out, that repayments to the fund are to be made in local currencies.

The bill provides for an Advisory Council. I believe that to this Advisory Council should be added the Secretary of Agriculture and the Secretary of Labor, and at the proper time will offer an amendment to that end.

The amendment which I will offer is very simple. It is designed to bring about proper recognition by the Congress of the great importance of agriculture and labor in the administration of the development loan fund.

The language of the House bill, which is to be found in section 206 on page 16, provides for a National Advisory Council to participate in the administration of the fund. As now written, this section will provide for a National Advisory Council consisting of the Secretary of the Treasury as Chairman, the Secretaries of State and Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the President of the Export-Import Bank.

The functions of this Council, as it applies to the development loan fund, will be to recommend general policy objectives and to advise and consult on major problems of administration. It also will coordinate the operations of the fund with those of the United States representatives on the International Monetary Fund, the World Bank, the Export-Import Bank, and so forth.

It is therefore a body whose deliberations are bound to have a far-reaching impact on United States policy in the foreign loan field. Its decisions and actions will do much to determine whether the purposes of the development loan fund will be realized.

What is the purpose of this fund, Mr. Chairman? It is set forth in this bill. It is "to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities."

Who are these free peoples whom we are trying to help? Are they officials of

national governments, the directors of banks or the managers of businesses? Some of them are, Mr. Chairman, but the vast majority are not. The vast majority of those whom we are trying to help are the people who till the soil and the people who turn the wheels of industry.

It is this group whose hearts and minds we are trying to win to the cause of democracy. It is the farmers and the workers of the free world who must be shown that a free society is as productive as a totalitarian state, and that liberty is infinitely more desirable than the shackles of slavery.

These people, the farmers and the workers of the free world, will ultimately determine, the course their nations will take. By sheer weight of numbers they control the destiny of many of the so-called underdeveloped countries of Asia, Africa, and Latin America.

Mr. Chairman, their course will affect not only their own freedom, it will affect ours also. We in the Congress of the United States cannot ignore the aims and aspirations of the millions of farmers and workers in other parts of the world. Yet that is what we do if we adopt section 206 of this bill intact.

This powerful Advisory Council will have the technicians of business and finance. It is clear that they are needed there. I am not complaining about that. But, Mr. Chairman, there is no official on this Council who, by his function, is an expert of the problems and goals of farmers or the problems and goals of workers. We are not dealing here solely with money. We are dealing with people, too. There must be someone on this Council who can interpret for the others the needs of people.

It is for this reason, Mr. Chairman, that I shall offer my amendment. It is a simple amendment which does only one thing. It expands the membership of the Advisory Council to include two additional members, the Secretary of Agriculture and the Secretary of Labor. I firmly believe that the counsel and assistance of these two officials on the National Advisory Council are essential if the purpose of the Development Loan Fund is to be realized. I trust that my amendment when offered will be adopted unanimously.

Mr. Chairman, this is the week of great decision. We stand at the crossroads of history, and upon the vote in this House on the bill now before us is the determination whether history as it is to be unfolded in the lives of the generations to come shall be a story of sunshine or a tragedy of the darkness of the night. Peace is within our reach. All that we wish for our children and for the children of all men can be attained or it can be cast off. Pass this bill authorizing billions for arms, and stripped of an authorization of money to help neglected people to help themselves, and this House by its action will have said to all the world that hereafter we place our trust in Mars and not in God. Then indeed this race of armaments will end where all others ended.

Mr. CARNAHAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, yesterday the gentleman from Pennsylvania [Mr. WALTER] spoke of migrations of peoples and the aid given thereto of the Intergovernmental Committee on European Migration and the urgent need to help South American countries to increase their populations through European emigration.

I would like to point out, and I am sure Mr. WALTER will agree, that the lack of cooperation of ICA has been one of the major factors in the lack of effective resettlement programs in South America.

Having been in South America and having spent some time on this subject, and having conferred with presidents and foreign ministers and others having to do with resettlement in various countries in South America, I can say that one of the obstacles is due to the lack of finance, lack of funds.

But running throughout the discussions I had with many of these officials in South America was the fact that they could make little or no progress with our own Government. They had the desire to cooperate with our Government along the lines of the amendment offered by the distinguished chairman of this subcommittee and Senator SMATHERS.

But to my amazement the officials of our own State Department in many instances did not even know about the amendment and in instances where they knew about the amendment they were loathe to take any action.

All I heard from the ICA representative in the foreign capital in those countries, was that the plans were not feasible. They offered all manner and kinds of reasons why the Walter-Smathers amendment should not be implemented. Rather than seek means to implement it and to cooperate with the governments concerned, they did the very opposite, as though they frowned upon the purposes of the Walter-Smathers amendment rather than to give encouragement to it.

There seemed to be a disposition on the part of ICA to thwart the efforts of Congress in that regard. They sought every way to use the money for purposes other than resettlements, and they seemed to give preference to those so-called "outs."

Now that seems to me at the threshold to discourage many of these South American countries in entering into these projects. There is plenty of land down there and in many places, of course, there is need for irrigation.

When I was in Chile they were attempting to open up in the south of Chile, in the interior, some of these lands for resettlement. Goodness knows that there is plenty of land. But, of course, they are bewitched and bothered and bewildered by the lack of funds, these governments. And that is a tremendous drawback. I think with a little more encouragement from our Government that much can be done.

I will say this—they have a great regard for ICEM. Everybody spoke very highly of it and wanted to cooperate with the Intergovernmental Committee for European Migration—ICM—to the 100 percent degree.

(Mr. CELLER asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, I yield such time as she may desire to the gentleman from Missouri [Mrs. SULLIVAN].

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

SECRETARY OF STATE ACCEPTS FULL RESPONSIBILITY

Mrs. SULLIVAN. Mr. Chairman, I do not intend to make a speech on the foreign aid bill. I have been listening carefully to the debate, and I intend to listen to the full facts as they are being brought out. This is a tremendously important debate to the country and to the free world.

During the course of the debate, there have been numerous references to the mistakes and faults and omissions and blunders of foreign aid, as well as to the achievements and the importance of the program. I notice now that we have had made available to us a rebuttal to the rebuttal—a report by Reader's Digest magazine in comment on the comments of the International Cooperation Administration to the article which had appeared in Reader's Digest last February, written by our colleague from Michigan [Mr. MEADER]. The original article was 6 pages of type in the pocket-sized magazine, the ICA rebuttal was 11 pages of mimeograph size, and now the Reader's Digest rebuttal of the rebuttal is a quite voluminous 14 pages.

Until this exchange of rebuttals began to get out of hand, it had been my intention to place this material in the CONGRESSIONAL RECORD, in the belief that perhaps an inquiry of mine to the Secretary of State last April was responsible for the detailed point-by-point reply of ICA to the Reader's Digest article. However, since every Member of Congress has received a copy of the original article and copies of the ICA reply and of the Reader's Digest reply to ICA, I do not think it is necessary to have all of this now go into the RECORD, although perhaps some other Member may decide to insert it.

There was one particular point in the original article, however, which I felt warranted particular comment not from the staff level but from the Secretary of State himself, and in April I sought, and later obtained, a comment in behalf of the Secretary on this one point in the article.

The article had stated that one of the main reasons why foreign aid had gone off on such bad tangents as implied in the magazine was that—

The present and previous administrations have depended on our professional foreign-aid planners in ICA and the State Department for guidance. Unfortunately for United States taxpayers, too many of these men, holdovers from an earlier share-the-wealth political era, measure the success of their programs not so much in terms of accomplishment as in cash spent.

It seemed to me, in reading that, Mr. Chairman, that the article sought to place on a partisan political level of criticism of the Democratic Party and the preceding Democratic administration

the blame for any and all faults in the administration of this program, and to imply that the career civil servants staffing the program were in effect dragging the Secretary of State and the President around by the nose. This seemed to make the point that the poor President and the poor Secretary of State didn't really know what was going on in foreign aid and were being fooled and hoodwinked by holdover appointees of Mr. Truman and Mr. Acheson, or perhaps Mr. Paul Hoffman.

I do not want to be partisan in this matter of foreign aid, but by the same token I do not think it is altogether fair for the supporters of this administration while taking over programs begun by the previous administration and claiming credit for any current success in those programs to imply that the faults, if any, are due to "holdovers from an earlier share-the-wealth political era."

In any event, when I read the article in question, including that one paragraph I wrote to Secretary of State Dulles and requested a point-by-point analysis of and comment on each of the criticisms of the foreign-aid program mentioned in Mr. MEADER's article. I said that I thought his people might already be working on such an analysis—in view of the wide circulation of the Reader's Digest, and the many people the critical article would reach—but I said that while I would be satisfied with a staff analysis of the article itself, I particularly wanted Mr. Dulles' own comments on the paragraph about the "holdovers" leading him and the President astray.

Subsequently, I was informed by ICA that the agency was working on my request for an analysis of the Reader's Digest article. As I say, I do not know if my request alone was responsible for precipitating this battle of the mimeograph machines which followed, but the ICA did subsequently issue the analysis in the form of a press release, of which I received a copy.

Later, Mr. Robert C. Hill, at that time the Assistant Secretary of State for Congressional Relations, advised me that the ICA leadership had the full and complete confidence of the President and the Secretary of State and that they had been running this program consistently with the President's views and those of Mr. Dulles.

Mr. Chairman, as I said, I am not seeking to make a partisan attack, but I do think that in a spirit of non-partisanship, if that is the proper word, that the facts as brought out in this correspondence are important enough to be called to the attention of the House.

For that reason, I am herewith including as part of my remarks my letter of April 5 to the Secretary of State, the interim acknowledgment dated April 9 from Guilford Jameson, Deputy Director of ICA for Congressional Relations, a further reply from Mr. Jameson dated April 24—which also enclosed a copy of the 11-page press release consisting of an analysis of the Reader's Digest article—and, finally, the letter from Assistant Secretary Hill, dated

May 14, containing the views of the Secretary of State.

This material is as follows:

APRIL 5, 1957.

Hon. JOHN FOSTER DULLES,
Secretary of State,
Washington, D. C.

DEAR MR. SECRETARY: I enclose a reprint from the Reader's Digest written by Congressman GEORGE MEADER referring to our foreign-aid program as a "Bureaucratic Nightmare." One of my constituents wants to know why, if these are the facts, our money is being wasted.

Having supported the foreign-aid program in the past, I should like very much to have the facts on the incidents mentioned in this article—the explanation or circumstances in each case cited. I am sure the Department of State is aware of this article and perhaps has already prepared something of that nature in reply.

I should particularly like an explanation or comment from you on the assertion in this article that the reason there are so many things wrong with the foreign-aid program is that you and the President have been taken in by the "foreign aid planners in ICA and the State Department" who are, "unfortunately for the United States taxpayers," holdovers from an "earlier share-the-wealth political era"—people who allegedly measure the success of their programs not so much in terms of accomplishment as in cash spent.

While I know that the point-by-point report I am requesting will have to be prepared by subordinates in the Department, I would like to repeat, Mr. Secretary, that I am very anxious to have your personal comment on the question immediately above. Do you think holdover appointees in the State Department and ICA have misled you into absurd actions in foreign-aid programming—leading you, it would appear, by the nose? I would appreciate your own comment on that.

With best wishes, I am,

Sincerely yours,

LEONOR K. (Mrs. JOHN B) SULLIVAN,
Member of Congress, 3d District,
Missouri.

INTERNATIONAL COOPERATION
ADMINISTRATION,

Washington, D. C., April 9, 1957.

Hon. LEONOR K. SULLIVAN,
House of Representatives,
Washington, D. C.

DEAR MRS. SULLIVAN: I am pleased to acknowledge receipt of your letter of the 5th instant, addressed to the Secretary of State, requesting comments on the Meader article published in the April issue of the Reader's Digest on the subject of our foreign-aid program.

Please be assured that your request will receive our prompt attention and I will write you fully with reference thereto within the next few days.

As to the last two paragraphs of your letter in which you request comments from the Secretary of State as to certain allegations in the article regarding some of the personnel who administer the foreign-aid program in the State Department and ICA, I am referring your letter to the State Department for reply.

Sincerely yours,

GUILFORD JAMESON,
Deputy Director for Congressional
Relations.

INTERNATIONAL COOPERATION
ADMINISTRATION,

Washington, D. C., April 24, 1957.

Hon. LEONOR K. SULLIVAN,
House of Representatives,
Washington, D. C.

DEAR MRS. SULLIVAN: I am pleased to reply further to your letter of April 5 pre-

viously acknowledged, in which you requested information on an article which appeared in the April issue of the Reader's Digest.

There is enclosed a memorandum in which we have attempted to answer the specific criticisms of the International Cooperation Administration and predecessor organizations which were contained in Congressman MEADER's article entitled "Our Foreign Aid Program—A Bureaucratic Nightmare."

The instances which Mr. MEADER cites cover a period of some 10 years and 11 different countries, and certain operations for which ICA has no responsibility. You will note that many of them occurred several years ago.

But these instances, important as they are, nevertheless are relatively small details in comparison to the total program. Since the entire article is concerned only with these instances, it necessarily presents a distorted picture of the total program.

The International Cooperation Administration, which is charged with handling the mutual-security program, is first of all concerned with getting the maximum security results possible for the American taxpayer from expenditures for this program. The agency now maintains in all countries where it operates a careful system of auditing and review. Nevertheless, ICA is the first to admit that in such a highly complex program, involving some 60 different nations overseas, thousands of employees, and hundreds of millions of dollars, hindsight will always show that from time to time mistakes have been made. The agency from the experience of the past, is constantly taking further steps to eliminate errors and waste.

We do not feel that the implications are justified that the mutual-security program on the whole is wasteful or inefficient.

Sincerely yours,

GUILFORD JAMESON,
Deputy Director for Congressional
Relations.

DEPARTMENT OF STATE,
Washington, May 14, 1957.

The Honorable LEONOR K. SULLIVAN,
House of Representatives.

DEAR MRS. SULLIVAN: Your letter of April 5, 1957, addressed to the Secretary was referred in the first instance to the International Cooperation Administration for preparation of a reply commenting on the incidents mentioned in the article by Congressman MEADER in the Reader's Digest. I understand that officials of that agency have forwarded to you a detailed memorandum covering the points raised.

I have discussed the questions you raise in your letter with the Secretary. He has asked me to assure you that he is personally convinced that the foreign-aid programs have in the main been successful in achieving their primary objective which is to strengthen the national security of our own country. The Secretary also pointed out that since this administration came into office, the mutual-aid program has been under the direction of officers appointed by the President and approved by the Secretary.

Mr. John B. Hollister, who is the present Director of the International Cooperation Administration, the agency responsible for the operation of the program, has the complete confidence of the President and the Secretary. There can be no doubt that under his direction and under the direction of those senior officials who have been personally selected by him, the mutual security program is being directed along lines entirely consistent with the philosophy of this administration.

Sincerely yours,

ROBERT C. HILL,
Assistant Secretary.

(Mr. FINO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FINO. Mr. Chairman, President Eisenhower, in urging continuance of our mutual-security program, says that there are three key purposes for this foreign aid:

First. To help friendly nations to equip and support armed forces for their own and our defense.

Second. To help undeveloped countries to strengthen their economic position so that they can sustain themselves in freedom.

Third. To meet emergency and special needs affecting our own national security.

The all-important questions present themselves. Have we accomplished these purposes? Have 10 years of spending squared with the realities and the requirements of our best national interests? Are we succeeding in winning our struggle for peace? Have our efforts along these lines increased the safety of our country and preserved and strengthened world peace? Certainly, in some areas, the answers to these questions must be resolved in the negative.

Since the end of the last war the financial and material aid given by the United States to the free and neutral nations, potential and actual allies, totals about \$65 billion in round figures. A part of that total, about a fifth, is in the form of bona fide loans, but rather more than four-fifths of it represent grants-in-aid which were made as gifts and donations, in the form of military aid, technical and economic assistance, and relief supplies. Thus, in the course of a decade the United States has become Santa Claus for the governments and peoples of the free world.

The basic assumption in this grandiose project, the core of the foreign aid idea as stated above, has been the maintenance and the strengthening of those free institutions which seemed to be, at least at the time, capable of defending themselves against the spreading Communist dictatorship, and thereby aiding the United States in its struggle against Soviet aggressiveness. In broad and general terms that was and, to a great extent, still remains the aim and content of the foreign aid program. In addition, other motives have played and still play a considerable part in the program. One of these is the idea of creating and maintaining a viable economy in the free world, thereby helping to maintain our foreign trade. Another motive has been to help, as much as possible, develop industries, introduce advanced and more productive methods of agriculture and farming, establish educational and sanitation programs, and aid in the work of general reconstruction and reclamation programs in the relatively undeveloped and financially poor countries. In this sense, as distinct from strengthening these countries against communism, the foreign aid program is philanthropic and humanitarian.

All these ideas and ideals, intents and purposes, aims and objectives seem unchallengeable and unassailable, worthwhile and certainly praiseworthy. They prove beyond the shadow of any perceptible doubt America's determination to resist communism and to strengthen

freedom-loving and independent people. They also show America's goodwill and generosity.

It seems to me, however, that our foreign aid has been distributed somewhat indiscriminately and perhaps carelessly. I am thinking in particular of aid given to Yugoslavia, India, and Egypt. First let us look into the case of Yugoslavia.

Yugoslavia was a victim of Axis aggression early in the last war. During that war its brave people resisted the invaders as best they could and hoped to regain their lost freedom at the end of that war. Unfortunately that was not to be, for soon after the expulsion of the Axis forces, they were saddled with the unrelenting and ruthless dictatorship of the Moscow-trained Communist Tito. Thus the helpless Yugoslavs were forced to exchange the Nazi-Fascist tyranny for a Communist one. They have not known freedom for 16 years.

The United States Government's relations with Tito's Communist regime were not too friendly during the first few postwar years. In 1946, in particular, you will recall the ruthless shooting of some United States fliers by the Yugoslav Communists.

In 1948, however, there occurred the new famous Tito-Stalin feud. All of a sudden it broke out into the open, and of course gave a terrific jar to the Moscow-built Communist front. To the world it seemed that this was not only a personal feud between the two Communist top dogs but a real and basic divergence in Communist ideology. Thinking along these lines the leaders of the West sometimes allowed their wishes to dominate their thinking and thus almost blind them to the incontrovertible and ugly fact that communism in any garb, in any form and under any sky is the sworn and deadly enemy of freedom and democracy.

At that early date we tried to draw Tito and his government as far away from Moscow as we could, in order to widen and deepen the breach in the Communist front. For that reason, the United States Government extended financial and material aid to the Yugoslav Government on a rather generous scale. By mid-1950, that is by the time of the Korean war, the total aid extended to Tito was well over \$300 million. Since then our aid to Tito's Government has continued without interruption and at present it is represented by the neat sum of \$1 billion.

To me it is almost preposterous that the Government of the United States should help to maintain Communist dictatorship and tyranny in Yugoslavia when all the world knows that we are spending far larger sums to combat that very type of tyranny. Everyone knows that we are sworn enemies of Communist tyranny. Why then go on helping Tito's Communist regime in Yugoslavia?

Tito's Yugoslavia is not a free country in which one may travel and see conditions there for himself. Thus, it is impossible to know much about the lot of the poor Yugoslavs except what one is told by Tito himself. In the second place, Tito and his government have

never had any love for the free West and for its institutions. Tito's government, for example, though ostensibly on the outs with the Kremlin, did not cooperate with the free governments of the West in their fight to safeguard the Republic of Korea. The Yugoslav Government did not raise a finger while nearly all of Korea was overrun in 1950 by Communists, and did not send a single soldier to fight with the United Nations forces there to repel the Communist aggressors. Such acts on the part of Tito should have opened some eyes in the West and in the United States. Apparently they did not, for aid to Tito was not interrupted in any way, and still continues.

Even more startling and instructive to the Government of the United States was Tito's recent flirtations with Moscow. Khrushchev's and Bulganin's visit to Belgrade early last year, followed by Tito's visit to Moscow last June, certainly should have given the leaders in the West food for thought. This was not just a courtesy visit. There Tito told the men in the Kremlin last June that "the break between his country and the Soviet Russia is healed. Nothing of the kind," he told his Russian hosts, "will ever again happen between the two countries." By this time our "sad suspicion was confirmed." As one newspaper columnist put it, "The suspicion long entertained by many Americans that the top-level Communists are smarter than our boys of the same rank is rapidly assuming the proportions of solid fact." The recent Soviet intervention in the Hungarian revolution may have frightened Tito a bit, but it is clear where his sympathies lie. His statements during the Suez, Polish, and Hungarian crises, have been reserved, but his delegate to the United Nations has voted consistently with Communist Russia, or abstained in voting to their own advantage. How can we justify our declaration of anticommunism when we support Tito, whom we have built into a world figure in communism and who only recently boasted that relations with the Soviet Union and other Communist countries were already improving?

India is another country which has received considerable United States financial and material aid during the last decade. She has been in dire need of foodstuffs and the United States has been extremely generous both with food, capital and consumers goods, such as iron and steel, cotton, fertilizers, and technical assistance for malaria control, for village development, for sanitation, for schools and for teacher training. Since 1950 the aid to India has come to about \$525 million.

India is the largest non-Communist land mass in Asia and the biggest non-Communist country in the world as far as population is concerned. She could be a real and effective force against communism in Asia. Under Nehru, however, India has instead played a so-called neutralist role that in its effects has been anti-American and pro-Communist. For example, India's representative in the United Nations, Krishna Menon, has

voted with the Soviet-China bloc on nearly all important issues which divide the free West from the Communist East. Soviet loans to India, small in size, have been widely publicized, but the outright gifts of the United States, running into hundreds of millions of dollars, do not get any such publicity. As one of our colleagues said, "Though United States aid to India has been five times greater than that of the Soviet Union, still Russians get the praise while all we merit is criticism and obstruction." Thus our aid earns us instead of credit and recognition, only taunts and criticism. Aid to India has no justification—neither strengthening our defenses nor earning goodwill.

Egypt is the last of the three countries which hardly merits United States aid. Grants so far given total somewhat more than \$50 million while credits extended as loans add about half as much to that total.

Soon after Nasser took over, Egypt tried to play neutral like India. But since the fall of 1955 Egypt has been flirting heavily with the Soviet Union. The two countries have concluded commercial and trade agreements, bartering of cotton for arms and ammunition, technical assistance, and so on. And by the middle of last year it looked as if Nasser's government was permitting Soviet agents to plant themselves firmly in Egypt. Only recently Nasser said that Russia has shown more understanding than the United States on the Middle East problem.

Neither, Tito, nor Nehru, nor Nasser, in sum, can be trusted any longer. They have played the Communist game often enough to betray our interests, and they have forsaken our confidence. At the meeting of these three heads in Yugoslavia—at Brioni—last July they talked about "peaceful and active coexistence between the free and the slave worlds." They also insisted, in their joint communique, upon the admission of Communist China into the United Nations. In this connection the New York Times correspondent stated—July 21, 1956—that the free world should be put on its guard against the platitudes contained in the communique.

In view of the duplicity, the double-dealings and lack of faith on the part of the leaders of these countries to the West; in view of their action serving the interests of communism through their utterances and deeds; and furthermore, in view of their ingratitude, I urge this Congress to finally terminate its aid to Yugoslavia, India, and Egypt.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, through the years some of us have objected to this program for reasons which constantly recur. Among those reasons, and I think one of the most important, is the fact that we have found year after year an increasing abdication of the power of congressional control and scrutiny over the programs encompassed by this bill. I feel that we, as elected Members of the House of Rep-

representatives, have a responsibility on behalf of those whom we represent to study constantly the ways in which our funds are authorized, appropriated and expended. I feel that increasingly, under legislation enacted heretofore and the legislation proposed this year, we are not properly discharging that obligation.

Now, just let me cite a few out of a number of illustrations that could be given in that respect. In the first place, the Members will note from the bill that there is this year set up a special assistance fund. That fund as now provided in the bill is in the amount of \$275 million, which can be spent under the direction of the President almost without any other limitation.

Secondly, within the bill this year, as in past bills, there are great powers of transferability; that is, the Executive, may direct that funds found to be not necessary in one section of the bill may be transferred to another section. That also gives power to the Executive over which the Congress does not, in my opinion, have adequate scrutiny.

Thirdly, for the first time this year we find proposed the development loan fund about which much has already been said on this floor. That fund would provide this year for a half billion dollars which could be spent, again, almost without congressional control or information.

And, finally, a fourth illustration is the use of the fund which arises under Public Law 480. Of course, those funds are not controlled by the bill before us now, but are related to the purposes of this bill.

Of such funds it is expected that there will be available in excess of \$1 billion which will be used under the control of the Executive, again, for purposes relative to the provisions of this bill but without adequate congressional supervision in connection with the mutual security program.

So, Mr. Chairman, I repeat that we have here a case of a shortcoming in bills of past years continuing in the present legislation. We are not, as Members of this House performing our duties and discharging our responsibilities as we should in this matter, in my opinion.

In connection with that there arises the question as to how much money will be available and how much money will be needed. I think Members should keep in mind that the estimated amount spent in the mutual security program for the fiscal year 1957 is \$3.8 billion. The amount estimated to be spent in the fiscal year 1958 is \$3.9 billion. But how much money do we have on hand to provide the funds for future expenditures? In the first place, there is in the pipeline approximately—and I am speaking now in round figures for ease of reference—\$6.2 billion. Add to that approximately \$1 billion in counterpart funds. And also add the \$1 billion in Public Law 480 funds to which I previously made reference. Finally then include the amount authorized by the bill before us today, and you have \$11.4 or \$11.5 billion. That amount of money, Mr. Chairman, will be available to discharge these obligations which I have pointed out are now running at \$3.8 or

\$3.9 billion per year, besides Public Law 480 expenditures.

I contend that this is more money than we need. This bill could be drastically reduced, if passed at all, and the program or the parts of the program which can be justified would not suffer in the least.

I think the objection that many thinking people make to the general philosophy of this program is this: We, as Americans, have a tendency to rely for the solution of our problems, both domestically and in the foreign field, upon the mere giving of dollars. We find it easier to say, "Well here is a problem, let us solve it by giving dollars," rather than by giving to the degree that we should the inspirational and the moral leadership which the world needs and for which it cries out.

I think, Mr. Chairman, if we were to tie our efforts at helping needy nations throughout the world—and certainly we are all in accord with that worthy goal—if we would tie those efforts more to the matter of providing proper leadership and proper guidance, and less to the mere giving of money, we would have a higher quality and greater degree of leadership and at the same time be able to provide relief to the heavily overburdened American taxpayer.

Mr. VORYS. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. WOLVERTON].

(Mr. WOLVERTON asked and was given permission to revise and extend his remarks.)

Mr. WOLVERTON. Mr. Chairman and Members of the Congress, in considering the important subject of what should be the extent and coverage of our aid to other nations, it is my opinion that we too often emphasize the thought that it is foreign aid. There are those who think its only purpose is to aid foreign nations. Thus, it is easy for such to condemn the program on the basis that there is much in our own country that needs assistance, many worthwhile projects that are appealing in character, and, in fact, necessary. All of this can be admitted and yet this would not justify our elimination of so-called foreign aid. In saying this I am not overlooking the need that does exist in our own country in many ways to which the funds now provided to foreign nations could be well utilized here at home.

The failure of many well intentioned persons to justify the assistance we now extend abroad arises from the fact that in their thought we are giving aid to foreign nations instead of giving it to our own people. If this be a true expression of the actual reason or purpose of our foreign assistance, then there would be some justification for the objection that is raised. However, this is not the true purpose or objective of our foreign assistance. The fact is that our real purpose and intent is to provide a means of mutual security. It can be understood rightly only when we emphasize the thought of mutuality. In other words, the advantages arising from such

assistance are not for the sole benefit of foreign nations, but for their benefit and our own taken together in a mutuality of benefits. Thus, a mutual security program.

There is no one who will doubt that with the uncertain conditions that now exist throughout the world, and, the strength of the enemies to our way of life, that there is an absolute necessity to provide security that our way of life may survive. To accomplish this it was necessary that the nations, such as our own that believe in the principles of liberty, freedom and democracy, should be knit together into a solid phalanx strong enough to resist and hold in check the forces of communism. We have seen communism bring within its domain countries and subjects until it possesses two-thirds of the world's surface and population. In the face of such a growing power intent on world domination, this Nation could not sit idly by and do nothing. To do so could have meant our own subjection, as well as that of the other free nations of the world.

To withstand the forces of communism required the joint effort of all free nations. Unfortunately, the other free nations of the world, and whom we looked upon as allies in this momentous struggle, were unable because of the ravages of World War II to bring to the support of freedom's cause the entire financial, material and manpower that was necessary to combat the powerful enemies of freedom. They had been devastated, their industries to a large extent destroyed, and their manpower decimated by death and injuries during the years that the war continued. Our Nation was the only one that at the close of the war left with the resources and wealth sufficient to help, support and strengthen the nations to whom we must look for assistance in providing security against an enemy intent on destroying the liberties and freedom which all free loving people enjoy.

Fortunately, the policies that have united the free nations together, and, the assistance we have been able to give, in addition to that provided by our less able allies, with God's blessing, has kept us free of communism and enabled us to build a bulwark of defense that has provided security for ourselves and the other democracies associated with us in this common effort. Thus, what we have provided in the way of foreign aid has in fact been for our mutual assistance as opposed to the thought of foreign aid only.

Too often it would seem that in the opinion of many that our assistance to the cause of mutual defense has been a one-way street. The fact is that the nations receiving grant military assistance from us have spent for defense about \$5½ for every dollar that we have put into such assistance. We can more readily understand the beneficial results of this mutual assistance program when we realize that in 1950 our allies' active ground forces numbered about 3½ million men, mostly illtrained and poorly equipped. By the end of 1956, there were 4.8 million men in the ground forces of our allies—an increase of 37 percent.

In the same length of time there was an increase in their navies of 139 percent. Their air forces were equipped with over 12,000 conventional aircraft, and the number of jet aircraft had increased to nearly 11,000—22 times as many as they had in 1950.

Furthermore, to offset the thought that the remarkable increase in military power was entirely the result of the amount of money received from us, we should realize that in 1950, for example, when we began our military assistance programs, our expenditures for assistance to European NATO countries amounted to \$300 million. In that year these countries themselves made defense expenditures of \$6.5 billion. In 1953, when our expenditure for aid, to meet the need of that time, had increased to \$3.2 billion, they spent \$12.8 billion for defense. Thus, the amount they raised of this total of \$16 billion was 80 percent. And in 1956, when our contribution to their efforts amounted to \$1.7 billion, our NATO partners in Europe expended for defense \$13.1, or almost 90 percent of the total expenditures combined. And, it should be further noted that although Korea, the Chinese on Formosa, and Turkey are three of the largest recipients of the defense funds authorized in this bill, and although they may not be able to make any substantial contribution, yet, no one will doubt that these nations are ready, able, and willing to fight should a Communist attack occur.

Another phase of this question, and of great importance, relates to the fact that as we contribute to the support of the military forces of our allies we are doing so on a basis that makes it far less expensive than if we had to maintain our own military forces in those countries.

The committee report makes plain that our assistance is a vital part of the defense efforts of our allies and our own defense. Without our assistance and our support, our friends might well falter and not make the necessary efforts to protect themselves. With the funds provided, the United States will assist in the support of more than 200 divisions, more than 2,300 naval vessels, more than 10,000 jet aircraft, and more than 12,000 conventional aircraft.

If the United States were to endeavor to achieve a comparable defense status from its own funds and manpower, it would be impossible. For example, it costs per year to pay, house, feed, and clothe the average military man of our allies on his own soil, for Turks, \$105; for Koreans, \$117; for free Chinese, \$142; for Italians, \$837; while the comparable cost for a United States military man, without arms, is \$3,511, to which must be added \$3,000 per year for transportation and maintenance, making a total of approximately \$6,600. Thus, our assistance to the free nations provides a shield behind which they can become strong. Our assistance provides confidence and strength in a vital part of the world.

But, aside from the cost element, we realize that if we did not support these foreign soldiers in strategic areas, it would be necessary to have our American soldiers in the place and stead of the foreign soldiers. Thus, it would necessi-

tate thousands more of our American boys being placed in foreign countries. Certainly to avoid this we are willing to make a contribution to assist these foreign countries in providing a military force of their own.

While emphasis has been laid on military aid, yet, it should not be overlooked that in addition thereto the purpose of our foreign aid or mutual security program is also to provide assistance in economic development activities for the undeveloped free nations that do not have the financial resources nor the technical knowledge to enable them to do so without our help. These programs are already beginning to show the worthwhile results to be attained by such programs. Our weak allies are being made economically strong, and, there are many indications that the continuation of this part of our program will be highly beneficial to our own Nation as well as to the recipient nation. There is a great deal more that could be said to enlarge on these different activities. Some of these have already been enlarged upon and in the remaining portion of the debate will receive further attention and emphasis.

During the past year there has been considerable publicity given to what seems to have been deficiencies in administration. As these have come to notice they have been corrected. Even in Iran, where probably the most serious shortcomings were found, the net result has been nevertheless successful, and, the general opinion is that without our assistance Iran might have been taken over by the Communists. In this connection it is to be noted that the General Accounting Office has reported that action has been taken that will correct most of the deficiencies which its audits have revealed. There can be no justification for wasteful practices and the most careful supervision should be given to preclude the possibility of such at all times.

In conclusion, as we remember the recent outrages to the people of Hungary by the use of Soviet military power, in crushing the desire for liberty of the people of that unhappy nation, we cannot afford to relax in our national endeavors nor withhold our assistance to needy nations. We must constantly be aware that this Nation, nor any other free nation, can stem the tide of communism alone. We need the strength that comes from the unity and combined strength of all standing together. This has been, is now, and will continue to be a program to help insure our security as a free nation.

The committee should be commended for bringing to the House a bill that while considerably less in amount than authorized a year ago, yet continues the program of mutual assistance in a manner that will not curtail or diminish its effectiveness.

The bill has my full-hearted support. Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. Bow].

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, I thank the gentleman for yielding me this time. I

asked for this time to discuss with my colleagues here the question that many have asked me relative to whether or not I will offer the so-called Bow resolution as an amendment to this bill.

I think everyone knows, I hope that everyone knows of my sincerity in an effort to bring before this House an opportunity for the membership to express themselves on the so-called status-of-forces agreements and treaties. I feel that it should be done and it should be done on a bill of its own.

The Committee on Foreign Affairs has by a vote of 18 to 8 reported out a resolution, House Joint Resolution 16, which is still pending in the Committee on Rules. If a rule were granted on that resolution the House could work its will and the Members could express themselves upon that question and that question alone. I believe in my own mind that that is the orderly and proper procedure for the consideration of the status-of-forces agreements, and I am not retreating one inch from my position that something should be done.

May I also point out that there is another bill which can come before this House on which an amendment can be offered that will be germane in the form of a limitation on the use of appropriations in which the question can be determined indirectly, but I sincerely hope that we shall have the resolution voted out of the Committee on Rules before that comes and that will give us a chance to approach directly the question of the status-of-forces agreements.

I have given other consideration to the so-called Bow resolution as an amendment to this bill. In my own humble judgment, I do not believe the resolution as drawn and as written would be germane. I believe if we were to offer an amendment to this bill it would be necessary to water it down, to weaken it, to where it would not have real effect.

Therefore, Mr. Chairman, I have taken this time to advise those who have been asking me the question of whether I shall offer the amendment to this bill that it is not my intention to offer an amendment to this bill on the question of the status-of-forces agreements, but I shall continue to hope that the Committee on Rules will grant a rule on the bill which the Committee on Foreign Affairs has, as I have said, voted out by a vote of 18 to 8. If that is not done, then I reserve the right to offer an amendment to other legislation which may come to the floor so that the Members will have an opportunity to pass upon this question.

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I take this time to ask the gentlemen in charge of this bill on the Committee on Foreign Affairs a question that was expressed in an article in the Washington Post this morning that I think is very disturbing. This article says that the General Accounting Office, has been making an investigation of a certain matter which relates to graft and racketeering with these funds that has been

going on with agents of foreign governments whereby officials of foreign countries by connivance in these offshore purchases have been enriching themselves out of this fund.

I do not doubt that when you pour out as much money as we have been pouring out in this thing there is some graft and dishonesty about it. I do not think any of us doubt that. It is probably inevitable. But the thing that disturbs me is the statement that that official information obtained by a Government agency whose duty it is to make an accounting of these funds has been classified information and that we are expected to vote this money in this bill but are denied the information which, it seems to me, is quite material about correcting any such thing if it does exist.

I now want to ask somebody from the Committee on Foreign Affairs, What about that? Is there such classified information? Has that report been made? Is it in the hands of the Government officials, and has it been classified and excluded from consideration by the Congress that has to appropriate the money?

Mr. COFFIN. If I may rise to answer the gentleman's question, it is a question which certainly deserves an answer and I think this is the appropriate time. We, on the committee, were just as disturbed to read of the report in the press with regard to this profiteering. We have had communications that have raised this question before. The report in question is at the committee table. There are 2—1 at the majority table and 1 at the minority table. Those reports are classified "secret" for the reason if they were published to the general public, they would interfere with country-to-country negotiations. But, they are available to every Member of this body.

Mr. SMITH of Virginia. In what way?

Mr. COFFIN. They are available for inspection here.

Mr. SMITH of Virginia. Of course, there are 435 of us who may be more or less interested in this subject, but I understand that there are only two copies of it extant; is that right?

Mr. COFFIN. That is all I know about in this Chamber, but certainly we would make this available to any Member.

Mr. SMITH of Virginia. It seems to me it would be a matter of discussion on the floor. I do not want to stir up any unnecessary trouble, but I want to say I was shocked and I am still shocked at the idea that Congress is asked to authorize an appropriation of this size and, yet, we are told that material information concerning it is classified and Congress is not permitted to see it. I am glad to know that the Committee on Foreign Affairs does have access to it.

Mr. COFFIN. I have some further information which I think the gentleman should know at this point.

Mr. SMITH of Virginia. I think every Member of the House ought to know everything that is material about this subject.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. GROSS. I wrote to the Comptroller General a few days ago asking whether it was true that these reports had been suppressed, and I had a letter this morning, and I am sorry I do not have it with me, but I can get it in a very short time, saying it is true and that the matter is classified.

Mr. SMITH of Virginia. That is what bothers me, that word "classified."

Mr. GROSS. Yes. If the gentleman will yield further for just one short observation, it seems to me that the millions of taxpayers of this country are entitled to know something about these reports that are being suppressed.

Mr. VORYS. Mr. Chairman, if the gentleman will yield to me, I think it is important to point out that the General Accounting Office specifically advised our committee that it had found no evidence of any corruption at all. Our committee made a further study of this and have asked the gentleman from Maine [Mr. COFFIN] to explain this matter, and I hope that he will see fit to do it at this time. But, I do not know what else you can do other than to make these classified reports available to any Member of the Congress who wants to study them and see whether they draw the same conclusions from them that the General Accounting Office does when it says that there is no evidence of any corruption.

Mr. SMITH of Virginia. Let me say that what worries me about it, and I might say what irritates me about it, is that anything that is material to a proper consideration of this bill ought not to be classified and withheld from the Congress of the United States when the Congress speaks for all the taxpayers of the country.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MOSS. This is not a singular instance. It has been the experience of a subcommittee, which I have the privilege to be chairman of at the moment. This has happened in a number of cases. In each instance, it has been at the urging of the executive and they have asserted a full right to determine exactly what the Congress may have for any legislative objective.

Mr. SMITH of Virginia. I do not deny that right, but I do assert the right and the propriety and the necessity that nothing be withheld from the Congress when they have to appropriate the taxpayers' money.

Mr. MOSS. I certainly agree with the gentleman.

Mr. BOYLE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BOYLE. I want to join with the gentleman from Virginia that I too have suffered some of the same fears he has expressed on the floor here today. Late yesterday, I directed a letter to the chairman of the Foreign Affairs Committee [Mr. GORDON] concerning testimony on the offshore procurement activity which might mar the integrity of this fine program. In volume V, at pages 1184 and 1185, willed and soft-

pedalled representations indicate that stealing and profiteering appear to be part of the ground rules.

As a true and continuing friend of foreign aid, I do not want the people's right to know and the right to full disclosure to be abridged by so-called patriotic labels as classified, confidential, or secret.

Mr. SMITH of Virginia. I am getting to be a bit sensitive about this word "classified." That was the only purpose of my taking the floor. I have concluded all I wished to say about it at this time, but I am glad to know that at least the Foreign Affairs Committee does have access to these secret files.

(Mr. BOYLE asked and was granted permission to extend his remarks at this point in the RECORD.)

[Mr. BOYLE'S remarks will appear hereafter in the Appendix.]

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. COFFIN].

Mr. COFFIN. Mr. Chairman, I do not wish to get into a controversy as to whether certain documents should be classified. I think that is a matter that the gentleman from California [Mr. MOSS], has looked into very well in his committee over the past months, and I trust he will continue to do so.

I think this body is entitled, however, at this point in the debate to at least have the conclusions, as far as our committee has been able to get them, as to the existence or nonexistence of profiteering in off-shore procurement.

A year ago in the hearings on the Mutual Security Act of 1956, this matter is covered to some extent, beginning at page 639. Those hearings are available to you. At the outset I think it is important to point out that the General Accounting Office, as the gentleman from Ohio pointed out a moment ago, specifically advised our committee this year, having reference to the blue-covered document on the committee table, that it had found no evidence of any corruption at all. This is the same document that is the basis for the newspaper report that has just been mentioned. Our policy that a foreign government should not make a profit on off-shore procurement contracts is not a matter of legislation, but has been prescribed by the executive branch as a part of the effort to improve the administration of this program.

This is how offshore procurement operates: A memorandum of understanding is drawn up. It is an international agreement between the United States and the foreign government, and it establishes generally the framework within which particular contracts are to be carried out. Many contracts are carried out under one umbrella of understanding. Each of these memorandums of understanding contains a no-profit clause. This no-profit clause, although it may differ in exact phraseology, exists in our dealings with each country with whom we have off-shore procurement transactions. It confirms the understanding that foreign governments

should not profit from the placement of off-shore procurement contracts.

These are the provisions that are included in this memorandum of understanding. The first provision is that no profits will be made by the foreign government.

Second, profit is defined as including net gains resulting from fluctuations in their exchange.

Three, contracts are to be taken collectively in figuring out profits.

Four, the foreign government agrees to determine whether it has realized any such profit.

If the foreign government determines that a profit has been realized, it agrees to enter into a conversation with the United States to determine the amount of money that shall be returned. Likewise, the foreign government agrees to enter into conversations in the event the United States Government considers that such profits have been realized.

A provision of this memorandum also provides that we shall have access to such documents and accounting data as are necessary to determine the facts. If, as a result of such conversations and looking over this data, it is decided that the foreign government has realized a profit, that profit is refunded to the United States. These contracts with people in the foreign countries are taken collectively. We may have a number of contracts in a particular country, but there is this umbrella that covers all of them. So before we find out whether a foreign government owes us a refund, we have to look at the whole picture as to the profits and losses on individual contracts.

Mr. BARDEN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I shall be glad to yield.

Mr. BARDEN. I have two short questions. How long has this document been in the possession of the Foreign Affairs Committee?

Mr. COFFIN. The answer will be forthcoming in a moment.

Mr. VORYS. If the gentleman will yield, about 10 days, I understand. July 3.

Mr. BARDEN. July 3?

Mr. COFFIN. That is right.

Mr. BARDEN. Have any witnesses been called before the committee?

Mr. COFFIN. We had the Comptroller General whose testimony before our committee was based upon this document.

Mr. VORYS. Is that testimony available?

Mr. COFFIN. That testimony is in our hearings at, roughly, page 1185.

Mr. BARDEN. If there was a thorough investigation and questioning of the Comptroller General about this document I am at a total loss to understand why the House should be deprived of the document about which searching testimony has been given.

Mr. COFFIN. If I may reply to the gentleman, I would say that the committee was interested in the conclusions of the Comptroller General as to whether there was or was not profiteering. We satisfied ourselves that he had satisfied himself that there was no profiteering, and we respected the communication from the Executive that dealings be-

tween our country and countries involved in this program would be prejudiced if the whole program as to amount were revealed.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. CARNAHAN. Mr. Chairman, I yield the gentleman from Maine 3 additional minutes.

Mr. BARDEN. If there were no corruption, and the Comptroller General says there was no profiteering, then what is the secret?

Mr. COFFIN. The secret would have to do with the amounts of the contracts allocated to individual countries under our off-shore procurement program, and is analogous, for example, to the very recent trip of Ambassador Richards. It has not been revealed how much money he obligated to certain countries of the Middle East. He could not come out and say "We have given so much aid to this country and so much to that," or "We have not given this country what they requested." It would raise hob and be prejudicial to the whole program.

Mr. BARDEN. Well, it is raising hob in my head now. When taxpayers' money is being given away in such quantities and amounts as we are dealing with here it certainly should not be kept secret from the taxpayers.

Mr. COFFIN. I submit that the gentleman should satisfy his mind by going through the document.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. JUDD. The Comptroller General, himself, was before our committee. We went into this in great detail. There is a summary of it beginning at page 1185 of part 6 of our hearings. At one place on page 1192, I asked him this question: "By and large it has not been that somebody has excluded these profits for unworthy motives or an attempt to conceal them; it has been merely the accounting setup where the reports did not reveal the known profits?"

And he answered: "It was more a question of ownership through Government instrumentalities."

Some of these contracts were let to corporations that we considered to be Government corporations that were not to make a profit. But private corporations that received contracts had their legitimate profits figured in the contract price. Now the dispute is whether in fact some of these corporations were private corporations as we understand them, or Government-owned corporations and actual instrumentalities of the governments. If the former, the profit was proper; if the latter, the profit was not.

At another place I asked him this question: "Is the problem of their status a factual problem or a legal problem? Where is the difficulty?" And his assistant, Mr. Bailey, said: "I consider it a factual problem. I believe the Department of Defense has concurred in our position that these are Government-owned corporations."

It is a very complicated matter, there is no question about that; but the problem is primarily factual rather than legal. Representatives of one govern-

ment say one thing, and representatives of our Government now interpret it another way. It is like a case of two lawyers interpreting the same language differently. Mr. Campbell added, at the bottom of page 1193: "We make no implication of corruption."

Mr. COFFIN. I may point out that this subject matter currently has been the subject of negotiations between our Government and other governments.

Mr. JUDD. That is right.

Mr. COFFIN. A great deal has been accomplished through these negotiations and working with the executive. We have had the services of a skilled attorney in this field in reviewing it and in getting at the root of these contracts.

Mr. LONG. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. LONG. I have two questions. First, is this a secret document such that if it were known it would endanger the security of this country; second, or is it kept secret in order that somebody might be able to make some money out of the program?

Mr. COFFIN. I would think it is kept secret for the reason that the gentleman first expressed and because of this particular way of putting it. It would prejudice us in working out our relationships with these European countries, I might point out to the gentleman.

With this I will close the presentation I would like to make, then open it up for a few more questions. The Defense Department has advised our committee, pursuant to a communication from our chairman, that there is no evidence whatsoever that officers of foreign governments have taken advantage of their official positions to profit at our expense. The sole question is whether the governments themselves have profited under our offshore procurement contracts and to the committee's knowledge no foreign government has repudiated its contractual undertaking to remit to us any net profit it may have made should it ultimately be determined that profits were made.

I yield to the gentleman from Missouri for any clarification he wishes to make.

Mr. CARNAHAN. I would like to read a paragraph from a letter from the Comptroller General, as follows:

We were informed by the Department of Defense that it was considered advisable that the contents of this report be treated as classified information since it might be detrimental to the interests of the United States in future country-to-country negotiations relative to this problem should this information be disclosed.

Mr. COFFIN. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. CARNAHAN. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Iowa.

Mr. GROSS. If there has been no profiteering, can the gentleman think of any good reason why the Comptroller General, in his letter written to me yesterday, should not have so stated?

Mr. COFFIN. Not having seen the letter I do not know. I can only speak from information we have in the committee received from the Comptroller General and the cold-turkey testimony before our committee that there was no corruption and he had seen this report.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. I would like to call the attention of the committee to page 1194 of the hearings where my remarks are given in these words:

I am bringing that out because I take it what you say here will be available to the Members of Congress. When we reach the floor of the House, I am sure we will have questions asked, and it will be helpful to have your answers. It would seem from what you have told us, that, as a result of someone's inefficiency or stupidity, American taxpayers have suffered an unjustified loss. Is there a possibility of any corruption?

You will find that on page 1194 of the hearings. It clearly shows that it was the belief of our committee that the information given the committee would be furnished our colleagues in the House and in the printed hearings of the committee, available to all Members, is an account of what happened including my suggestion of possible corruption. I understand it is definitely far from being a closed matter, and for this our committee is responsible.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the minority floor leader, the gentleman from Massachusetts [Mr. MARTIN].

(Mr. MARTIN asked and was given permission to revise and extend his remarks.)

Mr. MARTIN. Mr. Chairman, there will be no more important legislation before the present Congress than that which we are considering here today. It is important not only to the future of the United States but to the whole free world as well.

May I say in the first instance, that the President is deeply interested in the passage of this bill. He believes it is the very foundation of our foreign policy and the policy of those who would restrain Communist domination of the world. He believes it is essential for us that we do not fail in our commitments to the nations who are our friends and allies.

Mr. Chairman, we are considering today only an authorization bill. We can actually criticize this measure as we have criticized other bills in the past and, perhaps, a great deal of criticism may be justified. But what we have here today is a vital matter. We must ask ourselves: What is best for the United States? What is best for the free world? Will the passage of this legislation bring peace, security, and freedom to the world? Those are questions that we will answer here today. If we believe this measure means peace and freedom, it is certainly justified.

As far as the amount is concerned, that matter can be debated after the Committee on Appropriations has conducted its survey. Let us take the amount recommended by our Foreign

Affairs Committee and then we can scrutinize the amounts as we get the report from our appropriations committee.

This legislation was initiated by the Truman administration. It was adopted by the 80th Republican Congress, and so it was and is today a bipartisan effort to stop the threat of communism which has deeply concerned us all.

What have we done through these aid appropriations? I ask you to look across the ocean to Europe. At the time this bill was passed, Europe was in a chaotic state. Europe was in confusion. Europe did not know what the future might bring. Everybody was discouraged and discontented. What a vast difference there is over there today. The countries of Europe, for the most part, are on their feet, standing up resolutely in support of the free world. They are going ahead and are resisting communistic progress.

Another thing we must never forget. Communism is still a grave danger in this world. If it were not, this legislation would not be essential. We could spend our money on local projects and reduce taxes. Neither must we lose sight of the fact that the bulk of our money is not going to Europe but to the Near East and the Far East where the Communists are making their last desperate effort to win world domination. And, I am one of those who believes that in Soviet Russia and in Communist China there is a weakening of conditions. The people are restless, they seek relief from oppression and an escape from restricted food allowances. There are signs of revolution. We see it on all sides. First Poland, then Hungary, then China, and now in Russia proper. Yet, today, as we approach the time when complete victory might be won, there is a reluctance on the part of some to carry on. I cannot believe that that is the real spirit of America. America is not likely to run out with victory so near at hand. We have put our hands to the plow and will not turn back until the job is done.

We talk about economy. Now, I am for economy just as much as any Member in this House, because economy plays a vital role in the section from which I come. Because our soil was not too rich in fertility, we had to learn and practice economy if we were to progress. Thrift and economy was the price New England paid for progress. So, I believe in economy.

But, I want to remind you Members of the House that three-fourths, or two-thirds, at least, of this money is devoted to military expenditures. I ask you, is it not desirable to have in Asia and in Europe armies, in case we are attacked—and God forbid that we will ever be attacked—that will stand by resolutely as staunch allies. Is it not a wise investment, costly as it may be.

Mr. Chairman, I ask you, is it not economy to make a contribution of \$300 to maintain a Turkish soldier at the Dardanelles instead of having to spend \$6,000 or \$7,000 to maintain a soldier in the United States? Is it not economy to maintain a soldier in Formosa, or South Korea, or Pakistan, or Israel, or any of these other countries who are on the side of the free world, instead of

having to maintain a larger force in the United States? I believe you will agree with me that is so. And we must also remember that while our soldiers, in the event of war, would have to be transported across the ocean, these other soldiers are today on what may be the battlefield where the fighting would begin. They are on the job, and because they are the Soviet refrains from pressing forward. When you think of economy, is it not better economy to spend a few dollars of the people's tax money, if that is necessary, in order that we may have peace? Ah, Mr. Chairman, if war should come to the United States, these hundreds of millions of dollars that we are trying to save now would disappear in a single day and the burden that would fall upon the taxpayers of this country would be tremendous. We have had that experience. We must not flirt with the possibility of another war.

So I say to you, Mr. Chairman, when we contribute to the military strength of those who are willing to stand with the Free World we are voting for economy. That is the real economy.

There is some talk about our economic support. Some put it on the ground that this is a great philanthropic effort of a great and noble country doing its part to help the more backward countries of the world. Yes, we take credit for noble impulses. It was the original purpose of our effort. Yet, when we think realistically, we realize that we are going to derive profit through the spending of this money. We give economic aid in accordance with our means to these countries for development. The development brings a great demand for goods and America, with its friendly relations established, will share in a great measure in that new-found market. It keeps the wheels of prosperity spinning.

Mr. Chairman, this is important legislation not only to the business concerns who may profit through these expenditures but for other reasons. We have today the most prosperous country in the world. We are enjoying at this moment a high degree of prosperity. That prosperity is shared by everyone who works in the factory, by everyone who toils on our farms. The great bulk of these contributions will go not in dollars but in goods from America. It all helps a prosperity that will be of benefit to every seaport in this country—Boston, New York, Baltimore, Philadelphia, Charleston, New Orleans, San Francisco, Seattle—every seaport benefits through the expenditure of this money. Of course, I do not think we should do this merely on the basis of profit to ourselves, but that is a resulting part of the program.

Mr. Chairman, I believe we should pass this bill. I believe we should approve the bill in the amounts as they have been reported out of the committee. The total has already been substantially cut below the amount voted by the Senate. It may be that the Committee on Appropriations may cut it further. I hope not.

Mr. Chairman, if this is a policy that is good for the United States and the free world, let us not be niggardly. Let us

do it in such a way that it will bring the results that all of us desire.

Mr. Chairman, I repeat, it is an important vote we are going to cast this week. We are going to cast a vote that will leave its mark on history. We are either going to go forward and win this victory against the Communists who are trying through their ideological propaganda to dominate in the world, or we are going to weaken our forces and give them an invitation to intensify their efforts and perhaps resort to force. Let no one think for one moment that the Kremlin is hesitating. The Kremlin is matching our efforts wherever it is humanly possible for them to get in. Men change in the Soviet world, but the communistic effort marches on.

Mr. Chairman, I believe it is the part of good judgment to pass this bill and to give the amounts necessary to make it possible for the United States to weld all the free nations of the world together. Let us not forget this one fact: That today world leadership rests with the United States. No other country in the world can assume this leadership or has the power, financial or military, to save this free world. We must do the job if it is to be done.

So my appeal to you is to support the President whom we have entrusted with the conduct of foreign affairs. I am old-fashioned enough to believe, much as I may think I know about foreign affairs, that in all the history of this country the Congress has been and is forced to rely upon the President, whoever he might be, to conduct our foreign affairs. That is his constitutional right. We should avoid back-seat driving.

Therefore, I say to you, Mr. Chairman, let us pass this legislation. Let us give the President what he says is needed. I believe that in the next 2 years you will find that all the efforts of these past years will prove to be well-directed and the money well expended, because I believe with all my heart that these people are rapidly approaching the position whereby we can see the world tenseness relieved, and we can go forward to the day when we can build this free world on a more peaceful basis.

Mr. CARNAHAN. Mr. Chairman, I yield 12 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, I feel honored and privileged to follow our distinguished former Speaker, the gentleman from Massachusetts [Mr. MARTIN]. I take this opportunity to speak in support of the mutual-security bill. It is my contention that this program is a fundamental and essential aspect of the conduct of our foreign policy today.

The gentleman from Massachusetts [Mr. MARTIN] and other distinguished Members of the Congress who have preceded me have emphasized the problems and the needs of the various areas of the world and the tremendous importance of this program. It is vital to the security of the United States and of the whole free world. We are looked upon for leadership in the free world, and the consequences of what we do or fail to do with respect to the mutual-security pro-

gram will reach far beyond our own national frontiers.

The world today is one in which we and our friends cannot relax our collective efforts for stability and security. There is no basis for any hope that the long-range objectives of international communism for world domination have been abandoned.

We must, therefore, place continued reliance on the mutual-security program and its provisions for continued economic and military assistance. We are seeking on the one hand to make outright aggression unprofitable and, thus unlikely. To this end, we have supported mutual-defense agreements throughout the free world and have supplied arms, materiel, and training to assist in the defense of friendly nations. I want to assure you that the Committee on Foreign Affairs has religiously spent weeks and months in hearings, gathering information for a sane and sound mutual-security program.

Mr. Chairman, I would like at this time to refer to the charts in order to justify the authorization for military funds provided in this mutual-security bill.

The question is asked: Do we face a threat? I am sure no one will disagree that the Communists are still determined to spread their influence over the entire world. No one will deny that they do have the forces in attempting to conquer the world by force. The Russians have the second largest Navy, over 400 submarines, many new surface vessels, 175 first-line divisions, and over 20,000 aircraft.

The satellites have 80 divisions and about 2,500 aircraft, although less effective than the U. S. S. R., they are, nevertheless, a danger to our security.

These figures demonstrate that the Communists do have an effective fighting force.

The Communists have the capability of economic penetration in the following areas: Malaya, Burma, Indonesia, Guatemala, Bolivia, and Argentina, as well as in Syria and Egypt.

What are we going to do to meet the threat we face? We, naturally, must build up our allies, not only in Europe but the Far East as well. Our bases throughout the world must be protected with the help of our allies.

We have over 250 major bases outside the continental limits of the United States. These bases are our front line of defense. These bases are protected through collective security agreements, pacts, and treaties. Our allies in the Far East will assist us in meeting the Communist threat in that area of the world.

By building up the military and economic strength of our allies, we protect the natural resources in those areas. We are very much dependent upon those natural resources. These areas are the sources of strategic materials such as bauxite, natural rubber, tin, manganese, tungsten, mercury, platinum, industrial diamonds, antimony, cobalt. The money we are expending in this program builds up the military and economic strength of our allies.

This is a very interesting chart. It shows the comparative costs of a United States soldier per year and the cost per year of the average military man of our allies. The cost of a United States military man is \$3,511, and this does not include equipment, transportation, and other costs. The cost of equipping a French soldier is \$1,440; Italian, \$837; Pakistani, \$485; Korean, \$117; and a Turk, \$105.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. JUDD. Let me emphasize that the figures the gentleman is giving are for just four things, pay, food, clothing, and housing for the soldier. It has nothing to do with equipment.

Mr. ZABLOCKI. It does not include equipment or transportation.

Mr. JUDD. It cost \$3,500 for just those four things: pay, food, clothing, and housing for the American soldier. Transportation and equipment are in addition.

Mr. ZABLOCKI. The \$3,511 figure for a United States soldier in the Far East could well be \$6,500.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. GROSS. That French soldier today is down in Algeria fighting a colonial war. He is not up in Europe, which is one of the codefendant areas of the European area.

Mr. ZABLOCKI. It is possible that some French soldiers are there. He may be fighting a cause which he thinks is proper in his own country, but he is well equipped to fight for us when needed.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. VORYS. We claim, of course, that the American soldier is better than any other one, but if we did not have these allied forces of nearly 5 million, we might have to double our own forces abroad and we would have to spend double our military budget and run it up to over \$70 billion a year.

Mr. ZABLOCKI. That is a very conservative statement.

Mr. LONG. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. LONG. In view of the trouble we are having in foreign countries, the argument on the status of forces agreement, I wonder why it is that if these people have the manpower and we furnish the money, why can we not equip their soldiers and leave our boys at home?

Mr. ZABLOCKI. That is exactly what we are trying to do.

Mr. LONG. But we have our soldiers all over the world.

Mr. ZABLOCKI. We have them because it was necessary. We are bringing our boys home, but we do need allies who are well trained and equipped.

Mr. LONG. Do you know of any allied country where we have our boys where the people of that country want them there?

Mr. ZABLOCKI. It is my opinion and my understanding that except for isolated cases, the people in every country where our boys are at present, welcome their presence.

We do not have occupation troops in every country in the world but only in those countries that desire and require our troops. Our military organizations help to strengthen and to train the manpower in these countries.

Let me assure the gentleman that our boys are welcome in most of the countries except in special cases and isolated instances.

Mr. LONG. How do you account for the "Go Home, Americans" signs that are plastered up all over the world?

Mr. ZABLOCKI. I might remind the gentleman that during our own training period in World War II when northern boys were sent to southern camps for training we saw signs in those areas "Go home, Yanks," but we still welcome you. There may have been isolated instances of friction, but it is not the general rule.

Mr. LONG. But they did not raid our embassies and trample our flag underfoot.

Mr. ZABLOCKI. Isolated instances of resentment or friction are bound to occur, but they are few. Remember this, that the boys who were sent to the southern camps did not in all instances enjoy their tour of duty in that area nor did they ask to go there.

I am sure nobody will quarrel with the amount of money we have expended in European NATO defense. Without going into too much detail, this chart very clearly portrays the amount we have expended. Our greatest amount was spent in 1956, \$1,750,000,000.

The chart I am now exhibiting portrays the European NATO contribution and moneys expended. It tells the story better than words can explain. It shows the amount the European NATO countries have contributed to their own defense and to NATO.

Mr. HARDY. Mr. Chairman, will the gentleman yield at that point?

Mr. ZABLOCKI. I yield.

Mr. HARDY. If the gentleman is going to make a comparison of the amount which we have spent in connection with NATO defense and with what the European countries have spent in their total defense—and I believe that is the purpose, is it not?

Mr. ZABLOCKI. It is.

Mr. HARDY. Then would you not also have to include the funds that we expend in our direct appropriations for airfields, equipment, and so forth, that are for the use of those countries and the NATO forces?

Mr. ZABLOCKI. That would probably give a more complete picture, but the graph or chart shows what the European countries have done toward contributing to their own defense.

Certainly we have contributed directly to NATO through the infrastructure by the building of airfields which have been made available to our military people. The \$1,700,000,000 is part of the cost of these airfields that are available

for our own military use and jointly with the NATO countries.

Mr. HARDY. If the gentleman will permit, I do not want to indicate that I am not in complete agreement with our support of the NATO program; I am in complete support of the program; but I also believe that if we are going to have a comparison of figures we ought to present the whole picture rather than a one-sided picture. If the gentleman will do that I will be satisfied.

Mr. JUDD. The gentleman will find those figures in one of the later charts, I believe.

Mr. ZABLOCKI. I am coming to that and I do not want to interrupt my presentation. I would like to continue.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. CARNAHAN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ZABLOCKI. This chart shows the contribution and expenditure of \$17,400,000,000 for NATO.

United States military assistance to NATO was \$12,300,000,000. At least \$5 billion went to other grant-aid countries, making a total of \$17,400,000,000.

Our grant-aid loan expenditures were \$78 billion for European NATO countries and \$15 billion for all other countries, making a total of \$93 billion.

Mr. VORYS. The gentleman said "grant aid." That is other expenditures. Is that not other expenditures?

Mr. ZABLOCKI. Other expenditures, yes.

In 1950 we had 960 naval vessels, 3,500,000 active ground forces, roughly 11,000 conventional aircraft and 477 jet aircraft. The contribution over the 6-year period was increased to 2,300 naval vessels, 4,800,000 active ground forces, 12,102 conventional aircraft and 10,798 jet aircraft, plus more and better airfields, new and early warning systems. The forces have been better trained, organized, associated with a high morale factor.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from California.

Mr. ROOSEVELT. Is it not a fact, as I have been told, that there is a good deal of equipment in the pipeline not delivered which is already obsolete, and that when delivered there is probably no use for it in NATO or the European field? And I would like to ask if this is so, what are we going to do with it?

Mr. ZABLOCKI. What are we to do with some of the commitments we have for military orders that are now in the pipeline for our own domestic forces that are obsolete or obsolescent when they are available for use? What are we going to do about our own military orders?

Mr. ROOSEVELT. Some of them have been canceled.

Mr. ZABLOCKI. Only some of them have been canceled.

Mr. ROOSEVELT. Have we canceled enough of the dead weight in the pipeline which we are not going to be able to use?

Mr. ZABLOCKI. It is my understanding that percentagewise, and to a greater extent, some of the military end items that were contemplated for our allies abroad have also been canceled.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Ohio.

Mr. VORYS. The charge has been made that there is obsolete or obsolescent equipment going in here. Of course, we do save the best for ourselves, but there are many areas in the world where some trucks and some jet planes which are not of top priority are completely effective for the purposes they are being used there and we have not obsolete weapons of any kind.

Mr. ZABLOCKI. On the basis of my personal observation as a member of a study mission, without mentioning any country in particular, and I shall refrain from mentioning any country, I could refer to a half a dozen or more countries where our most obsolescent airplanes would be a blessing in disguise and a most desirable means of transportation for a military force. A military item may be obsolete or obsolescent to us or to some of our allies, but in some areas of the world the most obsolete airplane is still a modern airplane.

Now this is the chart we referred to earlier which relates to the total world contribution for the calendar years 1950 to 1956. Money spent in this country for defense over a 6-year period amounted to \$254 billion. Over the same 6-year period the United States contribution was \$17.4, plus the contribution of the NATO countries of \$93 billion, and of Canada and Australia of \$14 billion, totaling \$124 billion. The gentleman will say that is not a true picture.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ZABLOCKI. Mr. Chairman, for that expenditure this is what we have received: 1 million men in an active ground force, 26,630 aircraft, 969 naval vessels, which comprise the United States strength today which cost \$254 billion over a 6-year period. For \$124 billion we have 5 million men, 27,000 aircraft, including 12,593 jets and 2,500 ships.

In comparison of what we have in strength today and the strength of the free world our contribution and assistance to our allies is small.

The big question remains: Just how much would this have cost us in manpower to meet the Communist threat if we had to do it by spending money to equip our own men? That is the question we have to ask ourselves today when we vote on this legislation: Whether the money we have spent in the past was worthwhile and whether the authorization that the Committee on Foreign Affairs is presenting to the House is a necessary amount to authorize in order to keep our allies strong? Have we received and will we receive sufficient defense for the dollar spent? I am convinced, and

I hope in the brief time allotted to me, with the aid of these charts, I shall be able to convince you.

Mr. HARDY. Mr. Chairman, will the gentleman yield further?

Mr. ZABLOCKI. I yield.

Mr. HARDY. I certainly subscribe to the idea that it is a lot cheaper to gain considerable support from our allies by military assistance than it is to try to do it all ourselves. Frankly, I do not believe we have the capacity to defend the entire free world ourselves. So, certainly I subscribe to a proper military-assistance program.

Mr. ZABLOCKI. I thank the gentleman for his contribution. The gentleman agrees that the entire free world is threatened and that it is better to have allies to meet that threat.

Mr. HARDY. Of course, that is one thing that I think we can agree on, that we do have to have allies, and certainly I want to support our allies.

Mr. ZABLOCKI. I know the gentleman has made a thorough investigation and study of this problem, but I am sure the gentleman will agree that we have received, in return for our money spent, allied assistance in meeting that threat.

Mr. HARDY. I think we have accomplished a great deal, but I am not at all sure that we have gotten our money's worth, and that is what I was trying to get a little better understanding of when you talk about what we have put into the NATO organization. As a matter of fact, you have a record there of what we have done in our defense effort. A considerable amount of that has been expended in the NATO countries; is that not correct?

Mr. ZABLOCKI. In the case of shipping our troops, and so forth.

Mr. HARDY. And in the case of military construction for our troops in NATO.

Mr. ZABLOCKI. The gentleman is contributing to my argument. If that is true, how much more would it have cost us, if we wanted that additional strength, at the cost of using our own men? The cost would be tremendous.

Mr. HARDY. The point I am trying to get across is, the contribution to the defense of Europe, as you have shown it in the chart on my right, is not an accurate reflection of the percentage of our contribution to European defense.

Mr. ZABLOCKI. I have so agreed with the gentleman that it was not absolutely accurate, but it was intended to include in our contribution to NATO the \$17.4 billion. It would be just as erroneous, to include all the maintenance costs, salaries, and housing of our troops, because then we would have to take it out of the \$15.4 billion, would we not?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Minnesota.

Mr. JUDD. I would like to read what Assistant Secretary Sprague, of the Department of Defense, said when he was presenting these charts to our committee. This is his answer to the question, "What would this military strength developed by NATO cost the United States?"

I don't think there is an answer to this question: What would this have cost the United States? It seems to me impossible to calculate the cost, and even if you could compute it, I don't think it is conceivable that the United States in time of peace could support this kind of an operation with the enormous burden that it would be in taxes and on the productive facilities of our domestic economy. Thousands and thousands of additional men would be required to serve in our Armed Forces, millions more than we now have overseas. It would just be an impossible situation.

That means that there is no answer to this problem of world defense and our own defense except by having free peoples working together in this mutual security program. And it comes to us at bargain rates compared to what it would cost if we had to use only American forces. That is not my statement. That is the Pentagon's.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman.

Mr. GROSS. They certainly dealt with us at bargain rates in Korea, did they not? We populated an entirely new section of Arlington Cemetery with Americans who died in Korea. Where were these allies when the chips were down in Korea?

Mr. ZABLOCKI. We are just trying to prevent another Korea by building up the forces of our allies. If we had had allies at that time, fewer Americans would be in Arlington Cemetery.

Mr. GROSS. We did not have them then and we will not have them in the future.

Mr. ZABLOCKI. If we had been prepared at that time, we would not have had a Korea. If we had followed the advice of some people, we would have saved all of the wealth and the blood that it took to save Korea. This situation would have been avoided. Without allies we would be inviting other Koreas, and the free world which depends on our leadership would be written off.

Mr. GROSS. You have about 10 foreign divisions in NATO today and that is all you have.

The need for the military assistance program is clear. Our assistance is a vital adjunct to the defense efforts of our allies and to our own defense. Without our assistance and our support, our friends might well falter and not make the necessary efforts to protect themselves. With the funds provided, the United States will assist in the support of more than 10,000 jet aircraft, 200 divisions, more than 2,300 naval vessels, and more than 12,000 conventional aircraft.

Our forces in Korea are being strengthened with a buildup of modern weapons as a result of the Communist duplicity in failing to live up to the terms of the armistice agreements. If we were to abandon our assistance to Korea, either the line would have to be manned with American soldiers or else we would face the threat of complete loss of that area for which so much treasure and so much blood was expended.

Chaotic conditions prevail in the Near East and there are serious threats to the security of the United States. Our

major military assistance efforts in that area go to Greece, Turkey, and Iran.

Any further cut in our military-aid program will harm our important allies. There are planned programs for 6 nations which will utilize 60 percent of funds authorized: Greece, Turkey, Pakistan, Japan, Korea, and the Chinese forces on Formosa. Any further reduction will inevitably curtail defense efforts in these vital countries.

The same contentions are true of defense support which provides aid to poorer countries that are unable to finance adequate military effort. Of the 39 countries receiving military assistance in fiscal 1958, only 15 are to receive defense support. These nations receiving defense support are of great strategic importance. Seven countries on the perimeter of Communist China will be the recipients of 75 percent of defense support funds.

The committee recommends an authorization of \$700 million for defense support, which is a reduction of \$461.7 million from last year's appropriation. This reduction is justified by the more rigid definition of defense support and the improved economic conditions of some countries that hitherto have received such assistance. The principal shift in emphasis has been to the countries in the Near East and the Far East. Rapidly changing world conditions make it imperative that we, the United States, are prepared to defend the liberties of freedom loving people and still continue to preserve the peace whenever possible.

The committee recommends an authorization of \$151.9 million for bilateral technical cooperation with a no-year limitation. Technical cooperation consists of programs for sharing technical knowledge and skills with less developed countries. These countries are undeveloped, but more important for the United States long-term policy is the fact that they are emerging countries destined to play an increasingly significant role in the decades ahead. The new country programs will include Burma, Ghana, Tunisia, and Morocco.

Through technical cooperation activities, we are inducing changes in basic attitudes in the methods of tackling economic and social problems, and creating within each country the institutions that will permit a sustained attack on such problems after the termination of our assistance. Major emphasis in the technical cooperation programs continues to be in the fields of agriculture, education, industry, health, and public administration. During the next year the programs will be conducted in more than 50 countries and territories around the world, including several newly independent nations.

It is in the interest of the United States to help accelerate economic development in the less developed countries of the free world. It is in our interest because without a reasonable hope of improving their lives according to the pattern of free countries, these people may turn to those methods which have been employed so brutally in human terms: The method of international communism.

This can happen should the people despair of progress under moderate leaders and reject these leaders for extremists who serve the cause of tyranny. It can happen should these moderate leaders themselves take the gamble of accepting aid and counsel too naively from the Soviet rulers—and thus lose their freedom. Loss of these people's freedom would threaten freedom everywhere. Thus, eventually, it would threaten our freedom.

If it is important for the United States to promote the growth of less developed countries of the free world through technical cooperation, it is essential that we continue this program to help less privileged people to help themselves.

There are those who would terminate this program on the basis of extravagance and mismanagement. However, in no case has it been demonstrated that the administration of the program was so deficient that it would have been better to have terminated our effort. Even in Iran, where the most serious administrative shortcomings were found, the net result has been strikingly successful. The consensus of informed observers is that without United States assistance, Iran would have been taken over by the Communists.

The committee has given careful consideration to every aspect in this bill. As a result, a good bill is presented today for your consideration. Each year, after a careful scrutiny, Congress has appropriated the funds to sustain this program. The bill authorizes an appropriation of \$3.2 billion, which is a reduction of \$375 million from the authorization contained in the bill as it passed the Senate. The committee has reported this bill after extensive study and consideration of testimony submitted by official and private witnesses. All of the information available has confirmed the committee's position that the mutual security program is essential to the national interest and security of the United States and should be continued. I urgently request your support in the passage of this bill.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield myself sufficient time to say the following.

In the summer of 1950, when we were fighting in Korea, and doing most of the fighting and hoping for more United Nations troops, this program, this military-aid program came to this floor. The vote on it was 366 to 1. That 1 was the late Vito Marcantonio. When we were in the Korean struggle which was not merely our fight but the fight of the whole free world, we were then mighty glad to make provision so that we could have a few more allies.

Mr. Chairman, I now yield 5 minutes to the gentlewoman from Illinois [Mrs. CHURCH.]

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mrs. CHURCH. Mr. Chairman, I come with no charts and today with but few words. I make no argument for or against the announced purpose of the bill. Who could or would attempt to argue against adequate national defense or the preservation of freedom?

At this time, I raise no quarrel, at least temporarily, with the methods of operation, and I pass over the waste and inefficiency that my own committee has discovered, because I am interested primarily in just one point. And in 5 minutes there is only time for that one point. I refer to the surrender of congressional control, as embodied in this new legislation.

The Committee on Foreign Affairs of the House is an institution in itself. It is an honor to sit in the midst of those who have long dealt with foreign policy. It is a privilege to be one of them, even though one finds one's self occasionally in the position of being a rather stormy petrel in opposition. We of the opposition are nevertheless shown courtesies and forbearance and patience. The committee knows, as I am sure the members of this committee know, that there is no one who ever expresses a thought in opposition or raised his voice thereto who does not agree that the basic security of this country is the most important thing, and the preservation of those freedoms that have made this Nation great.

In the present situation, I hold one fact to be dangerously true. In consideration of the perils in the world and of the need for defense—and it is as great as my able colleague from Wisconsin [Mr. ZABLOCKI] has voiced it—and finally, in our sympathy for peoples of the world who need our help, we are losing sight of the actual provisions of this bill. We are not adequately looking at this particular piece of legislation. And no actual piece of legislation ever more required, for our own sakes, such scrutiny.

So I ask just this: Will you read carefully tonight, before you vote on amendments tomorrow, the not perfect but excellently well-intentioned report of the minority of the House Committee on Foreign Affairs, a report signed this year by 2 members of the majority and 4 of the minority party? We prepared this opposition report, not because we wanted to disagree, not, I would remind you again, because we were in any sense unaware of the need or not eager to meet it, but mainly because we honestly felt that this legislation is one more step, and a big step, toward abdication of the authority of this Congress. By accepting the bill in its present form we are throwing away what control now remains over the purse strings. We are denying the Congress the chance to know or supervise adequately the program, or even to learn what is going on in the implementation of the foreign policy of the United States. We are making it more difficult, in fact, to keep step with what is the foreign policy of the United States.

I said a few moments ago on the floor to one of my colleagues, "The committee has come suddenly alive." Why did it come alive suddenly? Because the members were interested in accusations of

specific instances of malperformance in offshore procurement. We are always interested individually and collectively whenever any specific part of this program becomes known to us for possible condemnation, correction, or special note.

I can only warn you thoughtfully, almost prayerfully, that when we pass this bill tomorrow, we shall have gone one further step, and a big one, away from knowing what is going on in the programs. We shall have gone a long road away from knowing what is being expended and how and where; and we shall have gone almost a world away from acceptance of our responsibilities as representatives of the people of the United States. They have none but us to express their convictions on foreign policy, to express their judgment as to how money should be spent and where. Only through us can they express their will on the very program to which our Committee on Foreign Affairs up to this time has devoted so much thought and care.

I cannot understand why any committee would seek to weaken its own authority. I certainly will not be able to understand it, if a responsible membership of the House of Representatives votes tomorrow without amendment to put into being legislation that in actuality will weaken the authority of this House and make it impossible for Members to exercise our individual responsibility, which we agreed to take upon ourselves when we accepted membership in this august body.

Mr. Chairman, when we were in the House, I did receive permission from the Speaker to append the minority report, which I do at this time for what I hope will be the careful attention and study of every Member:

S. 2130—MINORITY REPORT

The Mutual Security Act of 1956, authorizing \$3.9 billion, granted extreme flexibility to the executive branch in the administration and management of the mutual-security program. The mutual-security bill for 1957, as reported by the committee, authorizes \$3.2 billion and represents a further abdication of congressional responsibility and control over the foreign-aid program despite increasing and incontrovertible evidence of waste and inefficiency in administration and execution.

Some of us have in the past inveighed against the policy of pouring billions of American tax dollars into programs of doubtful validity. Recent disclosures have highlighted the timeliness of our earlier warnings. Irresponsibility and mismanagement in the Korean, Iranian, and Vietnamese assistance programs have been made public. The Comptroller General has highlighted the lack of validity of the force goals used in our military programs and the inherent lack of candor in the so-called illustrative programs presented to the Congress by the executive branch. These are matters of the past. We feel it to be our duty, however, to point out to the Congress and to the American people the pitfalls inherent in the present legislation. As surely as these deficiencies go uncorrected, so will there be future disclosures of mismanagement and waste.

FOREMOST AMONG THE MANY DEFECTS OF THE BILL IS THE UNDUE RELAXATION OF CONGRESSIONAL CONTROL

The defects of the bill are many, but that transcending all others is the relinquishment

of congressional control over the program. The trend in the past has been for the executive branch to request—and to receive—ever greater flexibility; but now the Congress is requested abjectly to abdicate its powers and to grant a blank check to be cashed wherever, by whomever, and in whatever amounts as are designated by those in charge of the mutual-security program. This indictment is not made without foundation. The bill of particulars and the specifics are set forth below.

Relaxation of control is particularly apparent in five areas: (1) the military assistance authorization, (2) the defense support authorization, (3) the technical assistance authorization, (4) the development loan fund provisions, and (5) the special assistance provisions.

Surrender of congressional control over military assistance program: In years gone by, military assistance was authorized on a geographic basis. In 1955 this limitation was dropped. Again, the military program was originally limited to military hardware and military services, but this principle has eroded to the vanishing point. In 1955 and 1956 the Congress approved no-year funds for the military assistance program, but, fortunately, the acts appropriating funds for the mutual security program did not embody that principle and made the appropriation subject to fiscal year limitations. This year the Congress was not only asked to authorize funds on a no-year basis but also to make the authorization a continuing one.

These requests with respect to military assistance would effectively remove most of the few remaining congressional controls. The removal of the requirement that funds be obligated in the year in which appropriated would allow the hoarding of funds for subsequent use and would result in a hodgepodge of obligation and deobligation. The removal of these restrictions would result in a virtual loss to the Congress of the right to exercise controls and to give policy guidance. The rationale of the desire to make this a continuing authorization was that the military assistance funds should be placed in the Department of Defense budget. At first glance, we were inclined to the belief that since much of our military assistance abroad is in our own defense and a part of our defense system, it could be properly included in our own regular defense budget. After hearing the evidence, studying the record of testimony and considering the dangers inherent in such an approach, however, we are afraid that the integration of the military assistance program into our regular defense program would be

unwise. It would conceal from the American people the exact amounts spent on military assistance overseas and would hide these figures and statistics in a mass of voluminous detail. Fortunately, the committee did not accept this request completely but confined itself to making a blanket authorization for the fiscal year 1959 only and to granting the no-year authority. Every appearance, however, is that the practice will be continued.

Surrender of congressional control over defense support: A request was also made for a blanket authorization and for no-year funds for defense support. The former was refused and the latter accepted by the committee. Again, tight congressional controls are relaxed with the results of less supervision over the funds authorized and of less incentive for careful and realistic planning.

Surrender of congressional control over technical assistance: Similarly, the executive branch requested that technical assistance authorizations be placed on a continuing basis. The committee refused to grant this authority but did insert a provision converting the technical assistance funds into no-year funds. Again there is a substantial loss of congressional control.

Surrender of congressional control over development loan fund: The proposed development loan fund is not subject to any effective congressional, or other, control. Congress is asked for \$1.5 billion for a 3-year period without any effective restrictions as to fiscal years and without any requirement for prior planning. This huge sum is to be made available not to a corporation or a clearly defined organization but rather to an undefined entity without shape or form. The method of operation and the framework of administration has yet to be defined. The powers and authorities of this formless entity are extremely broad in their application and vague in their limitations. Other than a requirement that certain reports be furnished the congressional committees on request, the limits on the program represent wishful thinking in the extreme. There are no clearcut requirements, only vague and glittering generalities of principle. The recent examples of waste and extravagance in Iran and Korea make it abundantly clear that Congress, rather than giving a blanket authorization of \$1.5 billion for 3 years, should restrict the activities of the executive branch and force those responsible for the program to present carefully conceived plans prior to approval of funds.

Lack of congressional control over special assistance: The authorization of \$275 million as a special assistance fund is illustrative of the degree to which congressional control has been relaxed. This fund may be

expended in almost complete disregard of the requirements of the Mutual Security Act; it may be used for practically any purpose. The argument may well be made that these funds are needed to meet emergency situations. The fact of the matter is that the President already has authority to transfer up to \$150 million from other programs for such emergency purposes and that in addition to that broad authority there is additional authority under section 501 to transfer 10 percent of any appropriation to any other appropriation, except that the appropriation to which the transfer is made cannot be augmented more than 20 percent. It is readily apparent that vast sums can be indiscriminately shifted from purpose to purpose. Under those circumstances there appears to be no valid reason to increase the funds beyond congressional control from the \$100 million authorized for fiscal year 1957 to the \$275 million proposed this year. Again a blank check is handed to the managers of the program.

THERE IS STILL \$6.2 BILLION IN THE PIPELINE, PLUS \$1 BILLION IN COUNTERPART, PLUS \$1 BILLION IN PUBLIC LAW 480—GENERATED LOCAL CURRENCIES, AVAILABLE FOR LOANS

Aside from the conspicuous abdication of congressional control there are other serious deficiencies in the bill portending major difficulties in years to come. It is estimated that as of June 30, 1957, there were no less than \$6,232,734,000 in undelivered materials, commodities and services in the pipeline. These dollars are adequate to maintain the impetus of the program for some time. On the military assistance side alone there are no less than \$4,380,594,000 of undelivered military end items and services. Much of this equipment represents obsolete and obsolescent material. We are continuing to furnish our allies equipment which, under existing strategic concepts, may well be useless. In view of these huge unliquidated obligations, it is apparent that additional trimming is in order and that further economies could be realized in the program.

Added to the amount in the pipeline are no less than \$1 billion in counterpart funds and in other local currencies generated by the mutual security program. Under Public Law 480, the United States Government disposes of surplus agricultural commodities to friendly foreign governments in return for their local currencies (rupees, bahts, etc., not dollars). Among other purposes, these local currencies are available for loans for multilateral trade and economic development. There is no less than the equivalent of \$1,114,900,000 available for that purpose. Detailed figures are set forth in the table which follows:

TABLE III.—Planned uses of foreign currency under title I, Public Law 480, agreements signed from beginning of program through Feb. 28, 1957¹

[In millions of dollars]

Country	Total amount programmed (market value including ocean transportation)	Market development (104a)	Purchase of strategic material (104b)	Military procurement (104c)	Purchase of goods for other countries ² (104d)	Grants for multi-lateral trade and economic development (104e)	Payment of United States obligations ³ (104f)	Loans for multi-lateral trade and economic development (104g)	International education exchange (104h)	Translation and publication (104i)	Information and education (104j)
Argentina.....	31.1	0.6			(?)		9.8	20.0	0.7		
Austria.....	28.6	.7			2.0		9.9	16.0			
Brazil.....	180.2	2.7	3.2	2.0			19.6	149.2	2.1	0.5	0.9
Burma.....	21.7	.5			(?)		3.9	17.3			
Chile.....	40.1	.8					7.0	31.7	.6		
China (Taiwan).....	9.8	.7		4.9			3.4		.8		
Colombia.....	16.9	.8			(?)		5.5	10.0	.6		
Ecuador.....	8.1	.4					.8	6.3	.4		.2
Egypt.....	19.6	.5					4.7	13.6	.8		
Finland.....	24.0	.5			(?)		23.2		.3	.05	
France.....	2.1	1.2			.6		.3				
Germany.....	1.2	1.1					.1				

Footnotes at end of table.

TABLE III.—Planned uses of foreign currency under title I, Public Law 480, agreements signed from beginning of program through Feb. 28, 1957—Continued

(In millions of dollars)

Country	Total amount programmed (market value including ocean transportation)	Market development (104a)	Purchase of strategic material (104b)	Military procurement (104c)	Purchase of goods for other countries (104d)	Grants for multi-lateral trade and economic development (104e)	Payment of United States obligations (104f)	Loans for multi-lateral trade and economic development (104g)	International education exchange (104h)	Translation and publication (104i)	Information and education (104j)
Greece.....	42.0	1.3				7.5	9.2	23.5			.5
India, 3-year program.....	360.1	4.0			(2)	54.0	66.2	234.1	1.8		
Indonesia.....	97.8	1.0	2.0				17.1	77.4	.3		
Iran.....	12.8	.2		5.9			3.3	2.5	.7		.2
Israel.....	51.6	.4			(2)		14.4	36.8			
Italy.....	120.4	2.7	1.0		10.0		23.3	82.4			1.0
Japan.....	151.5	3.3		(3)	10.9		26.3	108.9	2.1		
Korea.....	81.6	.5		65.1			14.5		.9		.6
Netherlands.....	.28	.25					.03				
Pakistan.....	120.7	1.7		74.3			18.8	23.6	1.0	.3	1.0
Paraguay.....	3.0	.2					.5	2.2	.1		
Peru.....	13.5	.7					2.6	9.7	.5		
Portugal.....	7.1	.3					3.1	3.4	.3		
Spain.....	176.7	3.0	1.0				62.9	107.7	1.1	.5	.5
Thailand.....	2.5	.4					.65	1.0	.45		
Turkey.....	110.2	.7					50.4	54.9	1.6	.1	2.5
United Kingdom.....	27.4			(4)			27.4				
Yugoslavia.....	222.3	1.0		88.8			49.5	82.7		.3	
Total agreements.....	1,984.88	32.15	7.2	241.0	23.5	61.5	478.38	1,114.9	17.15	1.75	7.4
Uses as percent of total.....	100.0	1.6	.4	12.1	1.2	3.1	24.1	56.2	.9	.1	.3

¹ Amounts shown on this table are subject to adjustment when actual purchases and allocations have been made.

² Amounts shown in this column indicate a specified amount in the agreement for this use. Footnote 2 only shows an unspecified amount for possible procurement for 3d countries. A footnote and an amount indicate more than 1 agreement including both specified and unspecified amounts.

³ In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

⁴ Total market value in table III differs from total in table I by the \$6 million estimated for ocean freight differential in the Indian agreement for which no rupee deposits will be required.

⁵ The Japanese agreement for the July-June year 1955-56 provides for the use of \$8.1 million and the United Kingdom agreements provide for the entire currency use under subsec. 104 (e). However, since in return for this currency use these countries will construct and make available to the U. S. Armed Forces an equivalent value of dependent housing, the amounts are shown under 104 (f).

⁶ In some instances column totals do not add to total amount programmed because of slight differences in rounding.

Expenditure of these loan funds generated under Public Law 480 is devoid of any congressional control or restraint. They are neither authorized nor appropriated. They are spent without reference to Congress. Certainly these funds are available to perform most of the purposes contemplated by the development loan fund. It is high time that a careful correlation be made by Congress between economic development expenditures, loans through the medium of Public Law 480, and projects carried on through mutual security generated local currencies. Our objection is not to the sale of surplus agricultural commodities for local currencies, but rather it is to the lack of congressional control over the disposal of local currencies.

Every year those who oppose the program, or who advocate economies, are charged with a reckless disregard of America's security and with a lack of understanding or knowledge. Suffice it to say that last year, despite the vehement protests of the proponents of the program, the request for military assistance was cut by a billion dollars. Despite this cut there are still \$500 million in unobligated balances from the funds appropriated last year, clearly demonstrating that the cut last year was not too deep, but rather too shallow. The Department of Defense contends that the \$500 million represents savings; nevertheless it is still an unobligated balance. Again, this year, we are told that any further economies would be in reckless disregard of the national security. We can only say that we predict with certainty that next year could produce the same results.

In 1955 the Congress authorized a President's fund for Asian economic development in the amount of \$200 million. It was specified that the funds appropriated would remain available until June 30, 1958. Only \$100 million was appropriated. Two years later, however, there still remains an unobligated balance of \$87 million in this fund. It is readily apparent that funds are frequently requested in amounts far exceeding the actual needs of the program.

The magnitude of the aid furnished throughout the world since World War II is illustrated by the following table:

Foreign aid for the period July 1, 1945, through Dec. 31, 1956

Gross grants.....	\$50,760,000,000
Less prior grants converted to credits.....	2,257,000,000
Less reverse grants and returns.....	1,688,000,000
Net grants.....	46,815,000,000
New credits.....	12,780,000,000
Plus prior grants converted to credits.....	2,257,000,000
Total.....	15,037,000,000
Less principal collections.....	4,190,000,000
Net credits.....	10,847,000,000
Total grants and credits.....	57,662,000,000

The development loan fund is another blank-check request: The proposed development loan fund is heralded as a new approach to foreign aid. We are told that a new day is dawning, that grant programs have become loan programs, and that ill-conceived illustrative programs are to be replaced with soundly planned and adequately prepared projects. Such is not the case. In our opinion, the development loan fund represents a jerry-rigged effort to meet continuing criticisms of the program rather than a carefully planned approach to difficult problems. In the first place, the development loan fund is not a loan program; it is a grant program in disguise. The development loan fund will grant soft loans which means that the loans will run for a long period of time and may be repaid in local currencies; i. e., rupees, bahts, etc., rather than in dollars. A soft-loan approach with all its paraphernalia of "long terms," "low interest rates," and "repayment in soft

currencies" can never be a legitimate substitute for a straightforward loan technique. The snares in the path of a soft-loan program have been more than adequately pointed out by the Honorable Samuel C. Waugh, President and Chairman of the Board of the Export-Import Bank. Mr. Waugh pointed out that in order for a soft loan to succeed a thorough analysis of the economic and financial position and prospects of a foreign economy must be made. In our opinion, the prospects of such an analysis are dim. He succinctly summarized the problem with respect to soft loans as follows:

"Soft-loan programs raise a number of difficult questions, several of which I should like to mention.

"The point already has been made that excessive lending on soft terms may make the recipient an unsuitable subject for hard loans. The question still remains of how to avoid such overfinancing so long as banking criteria by definition cannot be applied to soft loans.

"A related problem is how to avoid giving offense to the country concerned when deciding whether to make a hard or a soft loan to it. This difficulty, surely, is no easier to meet than would be that of whether to make a loan or a grant.

"More important, however, is a problem often overlooked in the consideration of soft loans versus grants. This is the probable attitude of any borrower who is in default. A defaulting debtor can hardly be expected to entertain friendly feelings for his creditor.

"Finally, there is the vexing problem in a soft-loan program of maintaining the soundness of hard loans. Gresham's well-known principle that bad money drives good money out of circulation is equally applicable to credit.

"In conclusion, we at the bank support Secretary Dulles' position that private capital is and must be the primary source of funds for economic development abroad and that an important role in assisting such development for some years to come should be played by hard loans from the Export-

Import Bank and the International Bank" (hearings, pt. III, pp. 326, 327).

The committee has repeatedly heard statements similar to Mr. Waugh's that Gresham's law is as applicable to banking transactions as it is to money itself. Bad loans will drive out good loans. The clear implication of the policies proposed under the soft loan program of the Development Loan Fund is that expansion by American capital into the underdeveloped countries will be curtailed. It is paradoxical that on the one hand it is universally recognized that expanded private investment is the sure cure to many foreign aid problems, and yet, on the other hand, it is proposed to undertake a program which will have the inevitable effect of killing off private commercial investment from the United States.

The borrowing authority of the President, contained in the development loan fund section of S. 2130, regardless of any argument to the contrary, will actually amount to an increase in our national debt. To grant such additional authority would, we fear, be another significant step toward the destruction of our constitutional system of checks and balances, which even now is hanging on a tilted rock.

Another defect of the proposed fund is that loans may be made to individuals, apparently without the consent or approval of the governments concerned. Such a proposal is filled with possibilities for international dispute and distrust. It should be a fundamental cornerstone of our foreign policy that the United States Government deal with individuals of a friendly nation only through their duly constituted governments. The course proposed could result in creating suspicion on the part of a friendly government that we are endeavoring to undermine its support.

CONCLUSIONS

We are seriously disturbed about the undue relaxation of congressional control over the program and about the authorization of additional billions when a clear need for such additional authorization has not been demonstrated and when sufficiently clear plans for their use have not been presented. After the expenditure of more than \$57 billion for foreign aid programs since 1945, an additional authorization of \$3.2 billion should be made only after careful and painstaking study. As the years go by, the lack of wisdom inherent in the course of continuing the foreign aid program without spelling out the cost and reappraising the goals become more apparent. Speaking for the millions of Americans who are rebelling against waste, extravagance, and poor planning in the expenditure of their hard-earned dollars, we can only warn once more against undertaking new programs without weighing the necessity for such a course and without thinking through their consequences.

In view of the above, we cannot support the legislation in its present form in that—

1. The bill unduly surrenders congressional control over the mutual security program.

2. There remains in the pipeline approximately \$6.2 billion, plus \$1 billion of counterpart funds, plus \$1 billion of Public Law 480-generated local currencies available for economic development loans, or a total of \$8.2 billion, to which would be added the \$3.2 billion authorized in this bill, or a grand total of \$11.4 billion.

3. There is urgent need for better correlation and for more careful and efficient planning in the use of funds available, including appropriated funds, Public Law 480 loan funds, and counterpart and other local currencies.

4. A clearly thought out plan for a sound loan program has not been developed and presented to the Congress, nor could the proposed loan plan be put into effect with-

out a substantial increase in the national debt.

Any further abdication of congressional authority and control over appropriations for mutual security programs and expenditures and any further enlargement of the present almost unlimited blank-check authority of the executive branch of our Government, will be legislatively unwise and constitutionally dangerous. The reasons are well known.

E. ROSS ADAIR.

ALVIN M. BENTLEY.

MARGUERITE STITT CHURCH.

L. H. FOUNTAIN.

J. L. PILCHER.

LAWRENCE H. SMITH.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan [Mr. HOFFMAN] may be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

WE MUST DECIDE

Mr. HOFFMAN. Mr. Chairman, whether we will continue to spend our money for foreign aid or to help our own needy people and our own national defense is now the issue. There just are not, and we cannot get, enough tax dollars to do both.

President Eisenhower has several times warned us that we must cut our spending or go into a disastrous tailspin. Khrushchev, Russia's spokesman, prophesied that we would spend ourselves into socialism or communism.

Talking about cutting expenditures does not do a bit of good. Expenditures must be cut. The only question is where.

From the district comes this letter, typical of several:

Writing for the Women's Society of Christian Service of the Methodist Church, I am asking you to support President Eisenhower in his foreign aid program.

On hand for foreign aid, in money and material authorized but unused, there are \$6,200,000,000. There is in addition \$1 billion in counterpart funds and another \$1 billion for the purchase of surplus food available for foreign aid. A total of \$8,200,000,000, which is enough to operate the present foreign-aid program for another 2 years.

Before the House is the Mutual Security Act of 1957 (foreign aid). The bill calls for an additional \$3,200,000,000. If approved, that would give an authorized total of \$11,400,000,000 for foreign aid.

It is all very well to talk about reducing expenditures and cutting taxes, but it just cannot be done if requests like this are to be granted, and if we are to take care of our own people. We cannot do both. It is all very well to help other people, other nations, and to fight communism, but, in my judgment, the welfare of our own people, our own national security, comes first.

From the home folk come hundreds of letters like this one:

All I have is this little home, and it means a lot when one is alone in the world and 71. I receive \$55.80 a month from social

security. I never was a sponger, but I just cannot live on what I get and pay the taxes assessed against me. Can't something be done to raise social security payments?

There you have the situation in a nutshell. Are we to continue to spend billions abroad—much of it wasted—attempting to buy friendship and support, which history demonstrates cannot be bought? Or are we to spend our tax dollars for an adequate national defense and to relieve the need of our own people? That is the issue.

Later this week or early next week, I must decide whether I will vote to authorize the appropriation of additional billions to enable people in other parts of the world to enjoy a higher standard of living, assist some foreign nation in its quarrels with another, or whether I support legislation which will enable our people to buy at least adequate food, clothing, and shelter.

With the deepest regret, I am forced to the conclusion that I cannot support a program which calls for the expenditure of billions of additional dollars, when doing so will bring additional suffering and hardship to our own people, bleed us white, and in the end drastically lessen, if not destroy, our ability to defend ourselves.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. SCHWENGEL].

Mr. SCHWENGEL. Mr. Chairman, this is the first time I have taken the opportunity to come down in the well to talk to you and to presume that I could add something to the debate on this very important subject.

Many of you came here along with me as freshmen 2 years ago last January. The first major vote of record then, you remember, was Formosa. Since that time this problem of foreign affairs has been very much on my mind, because I did not then feel adequate to cast an intelligent vote and, even though I have studied hard and listened intently to both sides of this argument for 3 years now, I am still not quite sure.

Many times during the debate on foreign aid in the past 3 years the idea has been expressed that our country gives to foreign nations but does not receive from them.

On occasion as I have listened I have looked up to the frieze of this Chamber and noted the names and pictures of the great lawgivers in the past history of the world that are inscribed there. Then I remembered that simple inscription on the pillars of the Archives Building on Pennsylvania Avenue, these two simple words, "Study history."

Then I was reminded of the words of that great American patriot, Patrick Henry, who said in the early time in our history. "I have but one lamp by which my feet are guided, and that is the lamp of experience. I know no way of judging the future but by the past." Having a natural interest in history, this caused me to study at least briefly this wonderful list of people who have been put in the Chamber by this body as a constant reminder to us that what we have in what we are pleased to call our country has been handed to us by our fore-

fathers. And reading the lives of our forefathers, you cannot help but come to the conclusion that their decisions were brought about through the study of the great philosophers, many of whom you see looking down upon us from the walls of this room in our Capitol. To each of these 23 great men the United States owes a debt and we have acknowledged that debt by placing their names in this Chamber. Calling the roll of their names is like a recital of the great steps man has taken toward liberating himself from primitive lawlessness. Except for two great Americans in our early history, these are foreign names from ancient countries and from ancient times, from medieval times, from Europe, from Asia, from Africa, and from all those places and all those eras in which civilization has advanced and left its indelible mark. Among them were a Babylonian, a Hebraic Moses, a Spartan, an Athenian, an Egyptian Jew, several Romans, a Byzantine emperor, 2 Italian Popes, an Englishman, a Frenchman, a Spaniard, and a Dutchman—12 separate origins.

The great Babylonian Hammurabi dating back over 4,000 years gave us the first humanitarian code. Moses prescribed a uniform standards of moral behavior. Lycurgus is the founder of the constitution of Sparta which established the authority of the State over the military and educational systems. Solon is revered for initiating the idea of true sufferage.

Then there are such names as Gaius, Papinian, the Byzantine Emperor Justinian and his chief legal minister, Tribonian.

The Middle Ages, too, contributed great legal achievements. The Spanish Jew, Maimonides, with his profound thinking, influenced Jews, Christians, and Arabians throughout history. The first step toward codifying canon law was made under Pope Gregory IX. Another Pope, Innocent III, was known for the impartiality of his legal court and also for supporting King John against the English barons in the case of the Magna Carta. Simon de Montfort, an English earl, earned his place of honor by summoning, in 1265, the first parliamentary assembly. Then I ask you to read the story of Alphonso X of Spain, and the work of the English Blackstone hardly needs repeating. His commentaries on the law of England constitute a most profound study.

Then we have the Napoleonic code. Two American names, two great Americans from the State of Virginia, on the front of this chamber are those of James Madison, who helped draft our Constitution, and who was influential in bringing about the addition of the Bill of Rights, and what a story could be told of his contribution to our way. Then Thomas Jefferson, whom most of us honor as the author of the Declaration of Independence and who also wrote the Manual of Parliamentary Practice, which is still in use in Congress. These great lawgivers are symbolic of a profound truth, that in the advance of civilization, and in particular in the historical growth of liberty and freedom there can be found no such connotation

as that which is now sometimes attached to the words foreign aid; the connotation that what we call aid is an export not compensated by an import; the connotation that foreign aid is something of an emergency nature that can be set apart from the continuing interchange among people that has brought civilization and freedom to the world. It seems to carry the connotation that owing our own development and progress to the free flow of aid from abroad we can now at will bring a halt to the historical processes of political and economic betterment. These unfortunate connotations imply that for the United States civilization, liberty, freedom and the high standard of living which we enjoy was entirely of our own making and that it could have happened even though we had been insulated from the ideals and the thoughts and even the great fundamental truths of our fathers and from the accepted teachings of the great leaders of antiquity.

If this program now called foreign aid or mutual security is in fact a program for the promotion of liberty and freedom or mutual betterment, and I believe it is—another term may be mutual betterment, as thorough thinking on this subject would lead one to believe—then why should we not refer to it as such? I would like to suggest that we give serious thought to giving this program a new name, a name with a meaning that denotes more the spirit of America than just foreign aid and mutual security. I suggest that it be called a program for the promotion of liberty and freedom all over the world.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. SCHWENGEL. I yield.

Mr. VORYS. I would like to commend the gentleman for his suggestion and for this thoughtful analysis, showing that our Republic has been the recipient of foreign aid that came to civilization even before our country was born.

Mr. SCHWENGEL. I thank the gentleman very much. I would like to elaborate a little on the point the gentleman has raised.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SCHWENGEL. In thinking in terms of foreign aid in the narrow meaning of such, we limit it to economic aid, but we still must feel greatly indebted to the French. If we convert the value of French aid to the American Government between 1777 and 1783 to 1957 dollars, we learn that France sent us the equivalent of \$24 million, at a time when the entire average annual expenditure of the French Government was only \$330 million. This represented approximately 8 percent of their taxable income. United States assistance to all countries since 1948 has averaged only 1.7 percent of our gross national product. In 1956 assistance to all countries represented only 6.4 percent of total United States Government expenditures. Much more could be said on that, but I want to dwell just a little bit on the picture of the man on my left, to your right. You will see on your left a picture of a great Ameri-

can, the Father of Our Country. On your right a picture of Lafayette. How can we measure the impact of Lafayette? Friend of Washington and friend of liberty, Lafayette exercised an unparalleled influence upon the course of both the American and the French Revolutions—no man in history has had so much influence for liberty in two nations. Whether Lafayette be remembered for his military deeds, for espousing the abolition of arbitrary imprisonment, trial by jury, emancipation of slaves, freedom of the press, or for such a mundane but economically significant fact as the introduction of the mule into the United States, we have been the beneficiary. If a foreigner should share space equally in this Hall with the Father of Our Country, I can think of no one other than this great honorary citizen of the United States of the past, Lafayette. These and many other men from foreign countries came to offer themselves and their fortunes, and to ask nothing in return.

The history of the American Revolution is filled with examples of the virtue of foreign help. Amsterdam built a warship, filled it with grain, and shipped it to Baltimore through the British blockade. Dutch banks advanced the new nation up to 30 million guilders by 1794. As payments came due, most of the money stayed in this country, invested in western tracts of land and thereby aided in the development of the great Midwest.

And from England itself came much aid in the form of gifted individuals, sympathetic to our cause—men like William Duer, who became Assistant Secretary of the Treasury; Ralph Izard who gave a considerable fortune to his adopted country, and served later as a Senator; and James Jackson who served brilliantly in the war and later became a Senator and a Governor of the State of Georgia.

Perhaps the King of England had another name for the services of these Englishmen who became Americans, but from our point of view this, too, was a form of foreign aid.

Mutual assistance is more than a one-way shipment of military hardware, machine tools, and economic gadgets. The term "mutual assistance" has gradually come to encompass almost the entire gamut of foreign relations. By its very nature mutual assistance is a two-way, 8- or 10- or 20-lane highway and not a one-way street.

The view has been advanced that military aid brings no return in the defense of the United States. Yet it is generally recognized that the United States ultimately is endangered by the advance of communism anywhere. Freedom is global and our security is global. Since every dollar expended upon military assistance abroad buys the defense equivalent of about \$3 expended upon our own Military Establishment, can it reasonably be contended that our defense—bound to the defense of the free world—is not served? It is likewise contended by some that economic assistance brings no return in increased trade, widened markets, increased production and employment at home; that our technical assistance and other measures to develop

the countries of Asia and Africa are a sort of dole not related to the broader political and economic interests of the United States. The National Planning Association, on the basis of objective factual studies, has estimated that "approximately 600,000 workers have been employed each year in the United States, directly or indirectly as result of foreign-aid expenditures." They conclude that "Foreign aid, both in terms of goods and services, has helped to increase the flow of necessary commodities and raw materials to the United States, some of these being critical to our stockpile and defense needs"; that "foreign aid has brought about the development of industries and stabilized economies abroad thereby creating an increased demand for goods and services produced in the United States." They reach the summary conclusion that the costs of foreign assistance in the perspective of the economy as a whole have been relatively small—particularly in the light of the objectives attained.

There is a further view advanced by some that in specific instances the countries aided have accepted economic help but that there has been no immediate visible change in their age-old ways of thinking. The implication is that our ideals and political institutions are not exportable—that therefore we should revert to the happy normalcy of existence in isolation from the rest of the world.

At no time in our history have we been completely insulated and isolated from the rest of the world, least of all in this century. If by return to normalcy is meant return to the past, I believe, Mr. Speaker, that we must recognize the contradiction between visionary insulation and the responsibilities of military, economic, and technical strength at any historical moment. In truth, to return to the past would be to return to the days when the United States was economically the Korea, the India, the Brazil or the Thailand of today. At that time we were not insulated, we received our military aid, our development assistance, our technical aid, our ideological influence from those countries then holding the power and the responsibility which we hold today. Just as the countries that helped us then were the beachheads of liberty and freedom, so are we now a major beachhead for the onward march of those concepts to be further extended in our time.

In recognizing that the Congress now faces serious questions with respect to the magnitude of our aid, the emphasis of our aid, the criteria governing specific uses of our aid and a range of administrative problems—these are all subordinate to the fundamental concept of aid itself. This concept cannot evade the truth that the world is a two-way avenue rather than a one-way street.

We well may reflect upon the possible outcome of the American Revolution had we not received military aid from France. To what extent would our vast transportation network, our mines, and our factories have developed had the needed capital not been forthcoming from Britain, Scandinavia, the Netherlands, and France? Capital formation might be slowly accomplished as a bootstrap oper-

ation, but historically there are no instances of far-reaching economic development occurring in insulation. Today even Communist China's economic development is largely dependent upon financial and technical assistance from the Soviet Union and the satellite countries.

To pursue our own past history further, is it reasonable to assume that the United States could have developed into a great power had we been insulated from the flow of technical and scientific information from Europe and elsewhere? Above all—and recognizing our own great contributions to political thought and human freedom—can it be contended that these profound concepts now uniting the free world might have evolved with vigor had we been insulated?

English migrants, despite laws intended to keep for England her monopoly of certain manufactures, managed to come to the Colonies, bringing with them their skill in weaving and other crafts. Samuel Slater, for example, who carried in his memory the complete blueprint of a cotton mill, eluded the barriers of emigration set up by England, and started a cotton mill here, the first symbol of the tremendous weaving industry to develop in our country. Arthur Scholfield performed the same service in establishing a woolen mill. Many highly skilled craftsmen managed to slip by the restrictions of the English Government to our immense benefit. Later, when the prohibition was removed, machinists, spinners, weavers, artisans, and craftsmen of all kinds poured into the United States by the thousands. They established the first bar-iron mill, the first hot-blast furnaces, the first pig-iron furnaces, the first heavy-rail industry, the first metal industries. They brought their crafts and set up their factories, and manned them and trained other men in them. Their labor was impetus for the investment of capital, domestic and foreign both. To this group alone, we are externally indebted.

Others, like Morris Birkbeck, brought their wealth and great knowledge of advanced agricultural methods to our country, and sparked our amazing agricultural progress which in turn has served to enlighten all the hungry corners of the world in our own time.

As our own development has progressed, the United States has emanated political, social, economic, and scientific benefits to the rest of the world. It follows that we in turn will reap the benefits of continuing development abroad. While the details of foreign aid programs may merit debate, the guiding philosophy remains clear—the international flow of capital, technical knowledge, culture, ideas and ideals, both historically and by the very nature of human relations, is reciprocal. Neither in the perspective of the past nor the foreseeable future would it be in our interest to abandon the basic values inherent in the term "foreign aid."

What is this term, "foreign aid," but an inadequate, narrow substitute for the broader, truer aspect of the universal interchange of culture, scientific genius,

economic opportunity? In the restricted perspective of contemporary evaluation, it often appears pure expediency; it must have seemed that to France when her support of our first feeble endeavors toward freedom were chiefly meant to overthrow an overbearing Britain. History takes a truer view, when the final results are plain to see: mutual betterment.

When a nation invests its wealth—economic wealth, cultural genius, a philosophy of democracy, or any other benefit it has to share—it cannot measure the returns in dollars received, as our own history proves. The hard, stern, historical fact is that a benefit shared accrues to all the participants, in full and overflowing measure, sooner or later, and in ways beyond our immediate comprehension.

However, if we prefer to discuss the problem of foreign aid as strictly economic in form, let us cite as one of the greatest contributions of the foreign aid the United States has received, the vast population that has come here since the beginning of colonization. We can only guess the number that came up to 1820, since no records were kept, but we know that between 1820 and 1956 about 41 million people have come in, from many parts of the world. The story of colonial migration is engraved in every American's heart, and needs no retelling. But the tremendous impact of immigration after 1820 upon our development as a nation has been too often slighted by most historians.

To quote a very recent and excellent book, *They All Chose America*, by Albert Q. Maisel:

Through all our history, the influx of immigrants has exerted a tremendous effect upon both the direction and the rate of our material and cultural development * * * yet [in a typical high-school text] references to Thomas Paine, Albert Gallatin, Samuel Slater, Andrew Carnegie, Samuel Gompers, and Robert Wagner ignore the fact that each of these outstanding Americans was an immigrant.

The principal point to remember, if we think of immigration as a form of economic aid, is that most of these 41 million people came to the United States as adults. The economic significance of this seemingly dry fact is grasped when we realize that the period of childhood and youth is a period of nonproductivity. Society feeds, clothes, houses, and educates the individual child, economically speaking, as an investment which will be repaid by his contribution to society as an adult. When the country that nurtures the child through the long unprofitable years loses him in adulthood to another country, we must recognize, even if we cannot reckon the transaction in dollars and cents, that a large financial advantage has accrued to the receiving country.

The semiskilled and unskilled laborers who constituted a large part of this immigration during the 19th century provided the sheer manpower necessary to make our westward expansion possible, to build the railroads, to develop the western farmlands, to man mushrooming industries now beginning to reach to world markets.

In more recent times, the contributions made by immigrant people encompass the whole realm of modern science, including the atomic field, by men and women who received their education in the best schools of other countries, and who brought their genius full-fledged and trained.

Time does not permit a detailed description of the many contributions made by millions of immigrants and their descendants in the United States.

Nor is it possible to deal with the great impact of the exchange of technical information. I have, however, a digest of some of the contributions of the various nationalities to the United States which I should like to have inserted in the RECORD as an extension of remarks if there is no objection.

Mr. Chairman, let me say that while I have supported and will continue to support this program so long as it has as its prime objective the promotion of great ideals and ideas which I believe in turn will lead to peace, I do think we ought to recognize our mistakes of the past and based upon experience ought to correct and improve our programs whenever we can.

A great improvement will be made in changing the name of this program to one that states an objective or goal rather than a statement of fact like foreign aid to one like our program for promotion of liberty and freedom or a comparable term. Then, because it will promote economy and I believe in the long run save money in the future, as well as better understanding at home, we should provide that all appropriations made to our foreign programs be made to meet the same budgetary and constitutional tests that money spent for any and all programs has to meet within the continental United States.

Mr. Chairman, in conclusion we have only to ask ourselves what would be our plight today had we not received gunpowder from Europe in 1776. Upon this minute fact alone our history and the history of the world would have been changed. But even more powerful than that gunpowder—it is questionable whether our Revolution, our Declaration of Independence, our Constitution would have taken the shape they did had we not had the benefit of those principles expounded by Voltaire, Rousseau and the other guiding lights of the French Revolution. It is indeed questionable whether the industrial development of the United States could have occurred had it not been for the industrial revolution in England. Our democracy owes its strength to the free assimilation and free expression of ideas by a multitude of nationalities. Therefore, let us recognize and reason that the continued advance of liberty and freedom depends upon continuing programs of mutual betterment.

Mr. Chairman, it is a fundamental truth that it is our business to make other men wiser and better as we can find or make opportunity. This is carried out in many ways in our Government. Our public school system is the finest example of our national policy of this fundamental truth. This is a program that does that. It has worked in

our country, it will work in other parts of the world if conscientiously and unselfishly applied.

Let me call your attention to the merit of that rule we all recognize as golden and say: "Let us give serious consideration to do unto those other countries as we have been done by in past history."

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. SCHWENGEL. I yield.

Mr. HAYS of Arkansas. Mr. Chairman, I wish to add to the statement of the gentleman from Ohio [Mr. VORYS] an expression of my own appreciation of the very scholarly and interesting statement the gentleman from Iowa has just made.

We have been talking about the contribution of our own country to the peace of the world, but in making our assessment we frequently overlook the fact that we live in an interdependent world and that it is not a one-way service.

We can all be proud of our country's contributions. These are monumental achievements that have been so helpfully presented in the course of the debate, but the gentleman from Iowa has given us an emphasis upon the reciprocal service of other nations; and if he will permit me I would like to make reference to a modern incident that I think bears upon the discussion today. I recall in our select committee's study of tax-exempt foundations it was developed that John D. Rockefeller, Jr., was once asked why he should provide philanthropies for other nations. He had a good answer. He said that other nations had contributed to some extent to his family's wealth and that he felt it would be proper and fair to return a portion of it to them; and, secondly, he said that we live in such an interrelated world that even if interested only in our own country he would have to help others.

Then we must call to mind our debt to other nations in the discovery of some of the miracle drugs to which we owe the lives of thousands of our own people. It is well in the exaltation of our country's contribution to world stability and progress to add this expression of our appreciation for the contribution of others, as the gentleman from Iowa has done so well.

Mr. CUNNINGHAM of Iowa. Mr. Chairman, will the gentleman yield?

Mr. SCHWENGEL. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM of Iowa. I wish to congratulate my colleague from Iowa for a very splendid statement about this bill. The gentleman's remarks show that he has made a deep and thorough study of foreign aid and its benefits to our own country. In keeping with his service in this House and his position on all legislation of major importance he has again demonstrated his vision. He has endeared himself to his State and Nation for his excellent contribution to this bill. I consider it an honor to associate myself with him.

Mr. SCHWENGEL. I thank my colleague from Iowa.

Mr. Chairman, under permission to extend my remarks I include the fol-

lowing statement of some of the contributions made by various nationalities to American life:

THE DUTCH

Ideas and things: The first firm support of religious liberty; Santa Claus, bowling, ice skating, coleslaw.

People: General Washington's officers, Colonels Ten Broeck, Van Cortland, Van Rensselaer. His Surveyor General, Simeon DeWitt. Edward Bok, publisher; Henrik van Loon, author; Professors Samuel Goudsmit, George Uhlenback, and Frederick Belinfante, atomic physicists; A. J. Haagen-smit, Corneels Gerit Wiersma, Anthonie Van Heerve, biologists.

THE ENGLISH

Ideas and things: Industrial and agricultural know-how in our early history; most of our concepts of law and government; the start of the labor movement and work-safety laws.

People: William Colgate, Henry Diss-ton, Richard Esterbrook, Robert Hoe, inventors and manufacturers; Joseph Priestley and Thomas Cooper, chemists; James J. Sylvester, mathematician; John W. Draper, chemist, physiologist, and researcher with the spectroscope; William Brooks, astronomer; Miles Ainscough Seed, photographic inventor; Edwin Muybridge, motion picture researcher; C. E. Kenneth Mees, photographic researcher; Thomas Nuttall, botanist; George Wharton James, Grand Canyon explorer; Charles V. Riley, entomologist; Edward Bradford Titchener, psychologist; Dr. William Shockley, developer of the transistor; William Thornton, Henry Latrobe, Richard Upjohn, Calvert Vaux, architects; Leopold Stokowski and John Barbirolli, conductors; Joseph Gales, publisher of Annals of Congress until 1837; James, George, and Howard Scripps, founders of the newspaper chain; Henry Pittoch, Frank Leslie, magazine publishers; Henry Morton Stanley, reporter sent to find Livingston in Africa; A. J. Cronin, Christopher Isherwood, Stephen Spender, Aldous Huxley, Wystan Auden, Guy Bolton, Alistaire Cooke, authors; and in drama and on stage a long list headed by John Van Druten, Alfred Hitchcock, D. W. Griffith, Charles Laughton, Greer Garson, Herbert Marshall, James Mason, Maurice Evans, Rex Harrison, Wendy Hiller, Audrey Hepburn, Deborah Kerr.

THE FRENCH

Ideas and things: Skilled crafts originally monopolized by France, such as leather dressing, lacemaking, and felt manufacture; the start of naval-stores industry; silversmithing.

People: Gabriel Bernon, who started the first merchant fleet; Pierre Fanueil, who gave Boston a public market and meeting hall; Paul Revere, patriot, silversmith, dentist, copper-boiler maker; Pierre L'Enfant, planner of Washington, D. C.; Francois Marie Provost, surgeon; Dr. Alexis Carrel, medical scientist; Rene Dubos, scientist; DuPont de Nemours and family, who initiated gunpowder industry in the United States; Octave Chanute, civil engineer.

THE GERMANS

Ideas and things: The first American symphony orchestra, formed by 23 Ger-

man refugees; the first paper mill in America, in 1690, established by William Rittinghausen; the first Bibles printed in America—in Germantown, by Christopher Sauer.

People: Hundreds of musicians, headed by Dr. Leopold Damrosch and his son, Walter; Mme. Schumann-Heink; Lotte Lehman, Frieda Hempel. Artists Winold Reiss; George Grosz; Karl Bitter; Carl Schurz, Civil War fighter and first German-born United States Senator.

THE GREEKS

Ideas and things: Tarpon Springs, sponge center of the world, founded by fishermen from the Dodecanese Islands; revival of interest in Greek culture and architecture, stimulated by the Greek-Turkish War.

People: Alexander Paspatis, physician; Evangelinus Apostolides Sophocles, scholar and author of Greek Lexicon; John Celivergos Zachos, theologian, inventor, and educational philosopher; Michael Anagnos, benefactor of the blind; the Skouras brothers, founders of a theater chain; Dmitri Mitropoulos, conductor.

THE IRISH

Ideas and things: A sudden increase in the ranks of Union soldiers that helped to end the Civil War; a mid-century influx of labor to work in eastern factories and develop the West; Irish music; the rubber heel, invented by Humphrey O'Sullivan; the first organized efforts to "Americanize" new immigrants.

People: Victor Herbert, composer; Augustus Saint-Gaudens, sculptor; Michael Cudahy, meat packer; James Butler, mass food-distribution originator; Marcus Daly, founder of Anaconda Copper; John O'Rourke, developer of the caisson airlock; Michael Hicks, inventor; William Kelly, who anticipated the Bessemer steel process by 5 years.

THE ITALIANS

Ideas and things: Love of music and art; the decoration of the Capitol, with Constantine Brumidi leading a list of distinguished Italian artists; culinary customs; the origin of the Marine Corps Band.

People: The explorers John Cabot, Giovanni de Verrazzano, Fra Marco de Niza, Father Brissani, Enrico Ponti; Francisco Vigo, who backed George Rogers Clark in his expedition to the Northwest Territory; Philip Mazzei, the "Furioso" of a series of articles written in the cause of independence, some of whose words appear in the Declaration of Independence.

THE JAPANESE

Ideas and things: Agricultural genius applied to "worthless" land in California; outstanding demonstration of patriotic devotion in the face of difficulties during World War II when they were evacuated from the west coast.

People: Hideyo Noguchi, scientist who isolated the spirochete of syphilis; Jokichi Takamine, scientist who produced synthetic adrenalin; Yasuo Kuniyoshi, painter; Yasuo Matsui, architect. As for the nisei, the American-born Japanese, their number in places of honor is far greater than their propor-

tion in the total population should lead us to expect.

THE JEWS

Ideas and things: Helped originate traveling commerce; provided skilled labor for the clothing industry; the International Ladies Garment Workers Union, which became a model for industrial unions; outstanding participation in the theater, organization of charitable and welfare agencies.

People: Haym Solomon, financial wizard of the revolution; Supreme Court Justices Louis D. Brandeis, Benjamin Cardozo, Felix Frankfurter; Samuel Gompers, first president of the AFL; musicians Jascha Heifetz, Otto Klemperer, Serge Koussevitsky, Yehudi Menuhin, Artur Rubinstein, Vladimir Horowitz; theatrical producers and stars Eddie Cantor, Manasha Skulnick, the Marx Brothers, Danny Kaye, Oscar Hammerstein; composers Ernst Block, Aaron Copland; authors Fannie Hurst, Edna Ferber, Sholom Asche, Louis Untermeyer, Lillian Hellman, Clifford Odets, Irvin Shaw; scientists Albert A. Michelson, Albert Einstein, Harold Urey.

THE MEXICANS

Ideas and things: The art of western ranching; the Sante Fe Trail; the pastores or shepherds still predominating in the West; the agricultural impetus of the mission garden for the dry areas of the West; the migrant labor essential to the functioning of large-scale farming.

People: Dr. Claudio Alvarez-Tostado, Dr. Luis Alvarez, Dr. Barbarin Arreguin-Lozano, Dr. Guillermo Mendoza, scientists.

THE NEGROES

Ideas and things: Folk music; the earliest mass labor, though slave labor, which developed the cotton industry; now prominent in sports, professions, and all walks of life.

People: Frederick Douglass, anti-slavery orator; Harriet Tubman, underground railroad guide; Dr. Daniel H. Williams, pioneer in heart surgery; George Washington Carver, agricultural genius of the South; singers Marian Anderson, Robert McFerrin, Dorothy Maynor; Paul Laurence Dunbar, Langston Hughes, James Weldon Johnson, Richard Wright, Frank Yerby, Ralph Ellison, authors; Dr. Peter Murray, gynecologist; Dr. Ralph Bunche, Deputy Secretary General of the United Nations; Thurgood Marshall, lawyer for the NAACP.

THE POLES

Ideas and things: The town of Sandusky, from Jan Antoni Sadowski, and early settler; many outstanding performers in music, science, professions.

People: Tadeusz Kosciuszko and Casimir Pulaski, of Revolutionary fame; Adam Kurek, composer, Julian Fontana, pianist; Henry Dmochowski, sculptor; the physicians Louis Szpaczak, Henry Kallusowski, Robert Thomain, Severin Galezowski; Vladimir Kryzanowski, Civil War hero and first Governor of Alaska; Leopold Stokowski, Zygmunt Stojowski, Jerzy Bojanowski, conductors; Marcella

Sembrich and Jan Kiepura, opera stars; scientists Bronislaw Malinowski and Louis Karpinski; Ralph Modjeski, engineer; Dr. A. J. Lotka, statistician; Florian Znamiecki, sociologist; Dr. Hilary Koprowski, research scientist; Witold Hurewicz and Antoni Zygmund, mathematicians; Wanda Landowska, harpsichordist.

THE SCOTS

Ideas and things: An immense respect for education; a very high percentage of immigrants trained in universities; the establishment from the colonial days of institutions of higher education; a strong pioneering tradition.

People: John Witherspoon, James Wilson, James Smith, George Taylor, of the Continental Congress; Henry Burden, Duncan H. Campbell, and John Oliver, inventors; Alexander Hallidie, sponsor of the San Francisco cable cars; Alexander Graham Bell, inventor of the telephone; Alexander Winton, pioneer in automobile invention; Andrew Carnegie, great industrialist and philanthropist; James Laurie, engineer; Philip Murray, labor leader; John Muir, naturalist and conservationist; Dr. James Craik, physician; Duncan Phyfe, furniture designer.

THE SWEDES

Ideas and things: Great skill at land-breaking; a gift at lumbering and woodcraft; iron-forging and pottery making; a tradition of hard work; engineering immigrants.

People: John Ericson, marine engineer; Greta Garbo, Signe Hasso, and Viveca Lindfors, actors.

THE SWISS

Ideas and things: Agricultural and industrial skills—woodworking, the manufacture of tar, soap, wainscoting, maste, and many other necessities, the art of dyeing; vine culture; ancient traditions of self-government; clock and watch industry.

People: John Jacob Faesch, manufacturer of ammunition for Washington's army; Martin Meylin, early rifle maker; Albert Gallatin, brilliant public leader, who served in many vital positions; General John A. Sutter, military leader and discoverer of gold; John and Peter Delmonico, founders of the famous Delmonico restaurants; Jacques Huber and Robert Schwarzenbach, silk industry developers; Camille Dreyfus, founder of synthetic textile industry; Louis Agassiz, zoologist and geologist; Adolph Banderli, anthropologist; Albert Gatschet, ethnologist; Florian Cajori, mathematician; Dr. Hans Einstein, mechanical engineer; Othmar Ammann, civil engineer; Dr. Albert Ochsner, surgeon; Dr. Adolph Meyer, psychiatrist.

RECENT IMMIGRANTS

The events of recent history have served, in many instances, to enrich our own civilization at the expense of the totalitarian states from which immigrants fled. Some of these are named here:

Writers: Thomas Mann, Ferenc Molnar, Stefan Zweig, Lion Feuchtwanger, Franz Werfel, Hans Habe, Erich Maria Remarque, Emil Ludwig.

Actors: Elizabeth Bergner, Peter Lorre, Lilli Palmer, Vera Zorina, Paul Henried, Uta Hagen.

Producers: Max Reinhardt, Erwin Piscator, William Dieterle, Billy Wilder.

Musicians: Otto Kelemperer, Bruno Walter, George Szell, Laszla Halasz, Kurt Weill, Arnold Schoenberg, Igor Stravinsky, Rudolf Serkin, Artur Schnabel.

Physicians: Drs. Karl T. Neuberger, Walter Kempner, Ernest Lachmann, Rudolph Schindler, Ludwig Von Sallman, Paul Gyorgy.

Scientists: Albert Einstein, Enrico Fermi, James Franck, Victor Hess, Wolfgang Pauli, Otto Stern, Peter J. W. Debye, Otto Loewi, Otto Mayerhof.

Mathematicians: Hermann Weyl, Salomon Bochner, Reinhold Baer, Richard Brauer, Adolph Brauer.

(Mr. SCHWENGEL asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. BROWN].

Mr. BROWN of Missouri. Mr. Chairman, I do not profess to be an authority on international affairs. I come from the heart of the American interior; and I have no credentials for this discussion other than the facts I have dug up in tedious research and whatever common-sense judgment the good Lord allotted me.

I do not pose as an expert; and maybe that can be a good thing. Some of the things that seem wise to experts here on the banks of the Potomac just do not make any sense at all when you get out on a stump in a 40-acre field and start looking at them with a cold jaundiced eye.

No one could be more concerned with the peace of the world than the people of the Ozarks in south Missouri. Even now, while there is much talk about the Communist threat diminishing, there is something deep down inside us skeptical Ozarkians that tells us not to believe it. The memory of the Suez fiasco is still too clear in our minds. We read Colonel Nasser's desperate boasts and we hear about shellings of Quemoy, and we wonder.

In fact, strange as it may sound to those who are steeped in the theory of mutual security, it is because of our deep concern about the international situation that we in the Seventh District of Missouri will have to cast our vote to recommit this bill to the great Committee on Foreign Affairs, and, failing that, will have to vote against it. We hope you will respect our reasons.

First. If economic development is the road to peace, this road has narrowed and narrowed to such a point that it is no longer even a pathway. By attempting to do too much in too many places, you are actually doing so little in each place that we have neither a theory that we can live up to nor a program we can live with. The program is falling out of bed.

Second. We simply do not have the money to do well the giant-size job that Mr. Dulles and the Pentagon undertake. They spread us too thin. This program commits us to assist some 60 nations of

the world with funds that would do well to assist 6, if, indeed, we could spare the funds at all.

Here is the news from the Pentagon as we debate this measure:

The Defense Department, in obedience to the recent Presidential cutback decree on departmental spending, now finds itself \$4 billion short of the funds required to finance the airpower force levels it has repeatedly promised the American people it would maintain.

Large-scale terminations and stretch-outs of \$4 billion in weapons contracts are expected to cost close to \$1 billion in termination costs alone, for which not one single piece of hardware will be received. The reason given? We just do not have the money.

That is the news from the Pentagon some 2 or 3 miles from here, as we talk on Capitol Hill about military assistance and defense support to farflung allies around the world:

Down in the hills, we take first things first; and if it takes everything you have to do one job right, you arrange the other jobs so they do not interfere with the big one.

If we do not have the money to carry on the heart of our defense, is it not time to take another look at our military assistance commitments?

If we have reached a stage where a choice has to be made, our Foreign Affairs Committee might do well to demand a searching reappraisal.

Maybe if we turn this bill down, Mr. Dulles and the Pentagon will take another look.

But some might say—our defense will suffer in the meantime. But wait—will it mean that we will lose our strategic base in Saudi Arabia? Or the airfields now being constructed in Spain? No. Vital bases in the defense perimeter surrounding the U. S. S. R. are much too important to be included in a measure so difficult to get through Congress as a foreign-aid bill. The Defense Department covers them in Defense Department requests.

And what about NATO? Will NATO die if we do not pass this bill? Well, read the report. Last year, the United States participation in NATO ran \$1,700,000,000, of which only \$300 million was provided by mutual security funds. One billion, four hundred million was provided by Defense Department appropriations covering United States troops involved in NATO.

Furthermore, the Appropriations Committee tells me that there are some \$6 billion floating around in the pipelines of mutual security right now, \$500 million in defense assistance funds unobligated, and not programed—a carryover from last year.

I submit that things would not go completely to pot if we sent this bill back to the committee as a gesture to Mr. Dulles and asked him to get with the Pentagon and take another look.

And especially in the field of economic development, we need a reappraisal badly.

What has evolved in mutual security in the the last 3 or 4 years is a poor man's version of the Marshall plan for

Europe applied wholesale to practically every uncommitted, non-Communist nation of the world. And in the wholesale application, it has lost the very fundamentals that made the Marshall plan successful, because even a child knows that we cannot get the money to develop 60 undeveloped nations around the world and do any good at it.

In the Marshall plan, we were dealing with the nations of Western Europe who were, prior to World War II, in a very advanced stage of economic development. They were ravaged by war, temporarily without capital. But they did have some roads, some schoolhouses, some railroad track, some mines, some industrial equipment! And they had a tremendous amount of knowhow.

But even with know-how, it took an equivalent of \$60 per capita—11 billion in 4 years—for the economic development of Europe. In Western Germany, a nation of skilled craftsmen, we provided \$80 per capita before we got any worthwhile results. In Norway, it took \$80 per capita. In Italy, \$55 per capita. In the United Kingdom, \$74.

Now that was our share alone. They, of course, generated new capital quickly and they plowed it back. Our stimulant averaged \$60 per capita for all of Europe—economic aid alone. In the United States during those same 4 years, we spent almost \$1,800 per capita for new industrial plant and equipment alone—to say nothing about roads or schools or farm irrigation or equipment. Economic development costs money.

I submit that the principle of the Marshall plan works, where people believe in liberty in the first place. Europe itself had a rich heritage of freedom and nationalism dating back to the Magna Carta and Bastille Day. The United States supplied the one missing ingredient: capital. And we supplied that capital in sufficient amounts to stimulate something. Sixty dollars per capita.

In Greece—one of the prize success stories the advocates of foreign aid point to—the United States investment in economic development is already \$200 per capita, in addition to military funds and American officers for troop training, and it is not over yet.

Now does anyone have the guts to ask the people for \$100 to \$200 per capita for 700 million people? Certainly not. But that is the program you are undertaking.

In Asia, the Near East and Africa—Mr. Dulles is now undertaking to develop economically practically every nation on those continents that is not committed to communism and even some that are leaning Red.

Cambodia, Indonesia, Japan, Korea, Laos, Philippines, Formosa, Thailand, Vietnam, Afghanistan, Ceylon, India, Nepal, Pakistan, Ethiopia, Ghana, Liberia, Libya, Morocco, Tunisia, Iran, Iraq, Jordan, Israel, Turkey, and—if he can get them to take our money—Syria, Egypt, and Saudi Arabia.

Fifty-eight countries. Many of them do not even have accurate maps, to say nothing of passable roads. Hundreds of millions of people; and we—the rich

United States—are undertaking to stimulate their economic development, with \$500 million a year on a so-called loan basis.

The theory is that they are not communistic now and will not go communistic if they improve their standard of living and become good international customers.

Now, I will not even try to argue the theory with you at this point, though I wish I had time to do it. Much could be said about liberty being more than an economic theory. I think a few words might be in order about some embattled farmers at a New England bridge who loved liberty enough that they chanced losing their source of fabrics, tea, and everything else to fight for their inalienable rights. And something tells me that the fruits of liberty have not gone so sour in 180 years that we now have to include a dollar bill in each and every package to sell them.

But, if you are in favor of the theory, you are spreading this theory so thin that it will surely fall short of its objectives.

And we simply do not have the money to spread it any thicker.

In Ceylon, our economic-development assistance in 3 years has totaled 3 cents per capita. Now, what kind of economic development are you buying for the price of a postage stamp? In Afghanistan, 33 cents; Indonesia, \$2; Iraq, \$2; Thailand, \$3 per capita; Pakistan, \$3; Lebanon, \$9.30; Iran, \$9.50. Are you really building good international customers this way? Will this improve standards of living and keep these peoples on our side? You cannot spend any more. So, why attempt a job you cannot do?

It took \$200 per capita in Greece, \$60 in Western Europe, and they had something to build to. Will 3 cents in Ceylon or even \$9 in Iran really accomplish anything or will it be lost in the quicksands of vast continents not even adequately surveyed?

I submit that the truth is this: The State Department has tried to apply on a wholesale basis around the world a program that worked in a limited area, but we do not have the money to do it in 60 or 70 nations the same way that made it work in the first place. Our foreign policy is straining and straining the protective wings of the American eagle until the poor, old bird is red faced with embarrassment.

And there is no way you can patch or stretch or make this thing work. No nation could finance such a tremendous undertaking.

With deep sincerity, I ask the committee to take this bill back and put it in front of Mr. Dulles and tell him: We cannot get there from here. We will have to find some other way.

See if we cannot find more and better ways to use our food surpluses in some of these countries where we cannot afford to go all out. If the State Department has fewer dollars, maybe they will work a little harder to trade food.

See if there is not a way to expand the investment-guaranty program for private industry development and make it available to some smaller firms who

would like to lend technical assistance to a foreign people on a people-to-people basis with a real incentive—the same incentive that prompted Englishmen to bring technical know-how to America—the quest for profit.

Let us face up to our limitations and concentrate our limited efforts on a selective basis, picking carefully the nation in each area that we can count on. Not that we love the others less, but there is just so much we can do and do right.

If we do not have the money to finance our own defense program, if we are having to cut \$4 billion worth of weapons contracts, we certainly ought to take another look at our military assistance overseas.

And if Mr. Dulles persists in trying to be friend to too many at one time, he will surely prove to be true friend to none, because there is no way we can finance a Marshall plan for every uncommitted non-Communist nation of the world.

Mr. JUDD. Mr. Chairman, if the gentleman will yield, of course, we have not had any economic development in any of the countries the gentleman mentioned: Ceylon, Indonesia, and Iraq. Technical but not economic.

Mr. BROWN of Missouri. In the booklet put out by the ICA, they disagree.

Mr. JUDD. ICA is there, but it renders technical cooperation. Point 4 is different from economic development.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from New Hampshire [Mr. MERROW].

(Mr. MERROW asked and was given permission to revise and extend his remarks.)

Mr. MERROW. Mr. Chairman, I wish to refer for a moment to the military assistance program and the so-called obsolete equipment.

Equipment which is unsuitable to fulfill a military requirement by reason of being obsolete or obsolescent is not furnished through the military assistance program. It must be recognized that items which become obsolete or obsolescent for the equipping of United States forces may be fully suitable for the equipping of certain foreign forces. In general, United States forces are organized and equipped to perform many types of missions in widely varying conditions of terrain and climate, and at considerable distances from their bases of logistical support. Many military assistance supported forces have limited missions, for example, internal security and delaying action; most will operate within their own national territories, and operations over great distances are not anticipated. Where types of equipment no longer in use by United States forces are supplied to these military assistance supported forces, they are furnished without cost to the program except for necessary repair and transportation.

The buildup and maintenance of an effective defense posture is an evolutionary process which must take into account progressive advances in weapons and weapons systems, the availability of

items, and the capabilities of recipient countries to utilize and support them effectively. To the extent this evolution can be foreseen, it is taken fully into account in the military assistance program. The program is reviewed constantly to insure that items no longer needed are not supplied. All of the material and equipment that remains in the military assistance program is for a particular purpose in the armed forces of a specific country.

Mr. Chairman, S. 2130, the Mutual Security Act of 1957, which is now before us, constitutes one of the most important pieces of legislation that is to be acted upon during the current session of Congress. The Mutual Security part of our foreign policy is one of the most essential for the maintenance of our security and the security of the free world.

The United States of America is in a position of world leadership and our policy of mutual assistance to friendly nations is one of the most effective means of enabling us to carry out this leadership. I know of no policy in our entire relationship with the rest of the world that is more productive of worthwhile and permanent results for the maintenance of peace than our mutual-security program. In fact the subject we are now discussing is a fundamental part of our overall foreign policy and is exceedingly valuable to ourselves and to our friends.

PURPOSE AND CONTENT OF AUTHORIZATION

In considering the mutual-security authorization, I would like to remind the House that the program we are considering is substantially different, both in purpose and content, from that which was enacted by the Congress in 1948 in the original Marshall plan legislation. The 1948 program was directed primarily for the economic recovery of Western Europe. In 1949 we began to offer military assistance to those nations of the world which needed our help in their efforts to withstand the threat of Soviet aggression. Most of the money authorized for mutual security has for the last several years been used to provide weapons and military equipment to our allies.

In addition to the change from a program which started with the purpose of bringing about economic recovery and changed its emphasis to that of military security, the geographical distribution of our foreign aid has also been modified. By far the largest proportion of the money in this bill will be spent to provide assistance to the countries of Asia and the Near East.

I am afraid there are today a number of people to whom the words "foreign aid" suggest supplying hundreds of millions of dollars to England, France, and the more advanced countries of Western Europe. This is an entirely erroneous impression. It would be more accurate to think of the largest allotments of foreign-aid funds today as going to support the army of the Republic of Korea which is the largest non-Communist force under arms in Asia, to support the armed forces of Turkey, of Pakistan, and of the

Chinese on the island of Formosa. Most of the foreign-aid money in this year's authorization bill will go to provide military aid, and the largest recipients of military aid will be those nations of Asia and the Near East who find themselves face to face with Communist forces across their borders and who are maintaining large military establishments in order to defend themselves.

AUTHORIZATION

The mutual security bill this year, as reported by the Committee on Foreign Affairs, authorizes a total of \$3,242,333,000. Forty-nine percent of this total, or \$1,500,000,000 is authorized to provide weapons, military equipment, and training to the forces of other nations. In addition to this direct military assistance, the bill authorizes \$700,000,000 of defense support. This item is to provide economic aid to nations which are cooperating with us in the defense effort. We recognize that these nations cannot carry the burden with their own resources of maintaining defense forces large enough to do the work which the defense of the free world requires that they perform. We, therefore, provide them with economic assistance so that they can devote a larger proportion of their resources to military purposes than would otherwise be the case.

The total military authorization included in this bill is \$2,200,000,000, including both military assistance and defense support. This constitutes 67 percent of the funds authorized.

I should point out also that the Committee on Foreign Affairs has analyzed very carefully the plans for spending the large sums which the Executive has requested and has made some important adjustments in them.

The Executive requested \$1,900,000,000 for military assistance. The committee reduced this amount by \$400 million. The bill as it passed the Senate included \$1,800,000,000 for military aid, which was reduced by the Foreign Affairs Committee by \$300 million.

In the same manner, the committee has reduced the authorization for defense support by a cut of \$200 million below the Executive request and \$100 million below the amount contained in the Senate bill.

The committee has also reduced the authorization for special assistance by \$25 million below the Executive request, the authorization for administering the Battle Act by \$300,000 below the Executive request, and the authorization for the International Cooperation Administration by \$2 million below the Executive request.

As a result, the bill before the House authorizes \$622,077,000 less than the Executive requested and \$375 million less than the total of the Senate bill.

I should point out also that the authorization in this year's bill is \$524,237,000 less than last year's appropriation of \$3,766,570,000.

DEVELOPMENT LOAN FUND

The mutual-security legislation this year contains an important new element. The events of recent months have made it exceedingly clear that United States foreign policy in the future will be more

and more concerned with the problem of maintaining satisfactory relations with the nations of Asia and of Africa. These nations are largely undeveloped and their people are determined to improve their political status and their economic well-being.

Perhaps the most important single thing we can do to maintain satisfactory relations with these people is to assist them with their economic development. In order to accomplish this it is necessary for us to do more than give them assurances of our readiness to help them with their long-range projects. We have to provide funds large enough in amount so that we are able to help more than a selected few, and we have to make these funds available over a period of years so that we can assure the nations we assist that the projects which we help them to initiate can be completed.

Most of us feel that it is an entirely normal procedure to say to a nation requiring financial assistance for its development: Make the surveys, draw up your blueprints, be ready to sign the necessary contracts, and then come to us and we will ask Congress for the money. The underdeveloped countries are poor, and their government budgets are limited. Many of them cannot afford to spend the sums necessary for engineering surveys and development plans unless they have some assurance that it will be possible to put such plans into effect when they are completed. Most of them need outside help in conducting surveys and working out programs. Furthermore, it would be disastrous to our effort to maintain friendly relations with such nations if after encouraging them to perfect long-range programs for developing their resources, the funds necessary to carry out such programs should be denied by the United States.

In an effort to deal with this difficult situation, the mutual-security bill provides a development loan fund and authorizes an appropriation of \$500 million to be employed for this purpose and to remain available until expended. The money will be provided to other countries on a loan basis and repayment in foreign currencies may be accepted.

In addition, the bill authorizes the fund to borrow from the United States Treasury \$500 million beginning in fiscal 1959 and another \$500 million beginning in fiscal 1960. It does not now appear likely that actual expenditures from the fund will be anything like \$1,500,000,000 in a 3-year period. It will probably take much longer than that for the development projects in the various countries coming to us for help to be sufficiently advanced to require the actual payment of sums of this magnitude.

It is necessary, however, to have assurances that there will be available an amount sufficiently large for us to cooperate with foreign nations in working out plans for their long-range development with confidence that we will be able to bring to fruition those plans which prove to be sound from a technical and economic point of view. This borrowing authority provides assurance that funds will be available to pay the bills and at the same time avoids making appro-

priations which may not be utilized for a period of several years.

OUR PEOPLE SUPPORT MUTUAL SECURITY PROGRAM

Let me say in closing that I am sure the people of the United States are behind the foreign policy of the United States and recognize that the mutual security program is absolutely essential to maintaining this policy. During the months of April and May this year the Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs, of which I have the honor to serve as the ranking minority member, held hearings in six cities in various parts of the United States. These cities were: Laconia, N. H.; St. Louis and Kansas City, Mo.; Miami, Fla.; Boise, Idaho; and Gary, Ind.

During these hearings the Subcommittee heard testimony from 173 individuals. Of this number only 33 persons expressed themselves as either being definitely against the foreign aid program or as being unwilling to commit themselves in favor of its continuance. One hundred and forty persons placed themselves on record as favoring the continuation of foreign aid. There was no appreciable difference in sentiment in any of the places which we visited. Whether in New England, the Middle West, the South, or the Far West, about 80 percent of the people appearing before the subcommittee favored the foreign aid program and about 20 percent did not.

Furthermore, all of us on the subcommittee were much impressed with the extent of the understanding which people had of the nature and significance of the foreign-aid program. Our subcommittee found no evidence of a general resentment against foreign aid in any part of the United States. Instead, there was a general recognition that as long as the world situation remains as it is, it is important that our programs for assisting other countries continue and continue on a long-range basis.

I hope that the House passes S. 2130 with an overwhelming vote. United States aid to friendly peoples should be termed American aid because the program works both ways to our advantage and theirs. It is in our own national self-interest to have allies with stable economies, to have bases overseas for our protection, to have friendly nations in a position to resist the sinister onslaught of international communism and to have a constant development of underdeveloped countries.

We cannot live to ourselves and in our position of world leadership our interests reach around the globe. There is no part of our defense program which in total runs in excess of \$40 billion a year that is more helpful and more productive of good than the money we spend on mutual security. We cannot turn back, we must constantly look ahead and by the adoption of this legislation we evidence vision, statesmanship, and leadership.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman from Missouri.

Mr. CARNAHAN. I want to compliment my distinguished friend from New Hampshire on his most excellent statement, and to express appreciation for the reference he made to our Subcommittee on International Organizations and Movements.

Mr. MERROW. I thank the gentleman.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman from Indiana.

Mr. MADDEN. I wish to commend the gentleman from New Hampshire on the statement he has made and also the remark he made regarding the hearings in Indiana. I was present and sat in with the Gary, Ind., committee, which was under the chairmanship of the gentleman from Missouri [Mr. CARNAHAN]. The hearings were held on May 20. On that day I believe 42 witnesses appeared. They came from all segments of the economy, businessmen, labor groups, school groups, the league of women voters, industry, individuals, and church groups. The publicity given the committee hearings before the committee arrived was such that any person who wished to testify before this subcommittee of the Committee on Foreign Affairs was welcome.

The committee held hearings from 9 in the morning until about 7 o'clock in the evening. Great interest was created in the hearings. The chairman of the committee announced at all times that any witness would be heard if the committee had to remain until late in the evening.

The hearings in Gary had a very beneficial effect from the standpoint of acquainting the people of that area of the State of Indiana with the foreign-aid program.

I think the Committee on Foreign Affairs should be commended on the steps they took in having hearings away from Washington. After all, committees sit in Washington and hold hearings, and mostly the witnesses that appear are witnesses that represent special groups. By holding hearings away from Washington, John Smith, John Jones, and John Doe, or anybody can come in and testify. I think that in the future if other committees considering important legislation here in Congress would hold public hearings away from Washington as did the Committee on Foreign Affairs, not only in Indiana but in other States, it would have a healthy effect and acquaint the people with what our problems are, especially the problems connected with our international program and the fight to control the spread of communism. I have supported the mutual-aid program in years past and I am convinced that this great program started by ex-President Truman after World War II saved Western Europe from communism.

The Foreign Affairs Committee has already reduced the original request by \$400 million and previous to that reduction the Senate reduced the President's request by \$200 million.

During this debate if further reductions can be made without jeopardizing

our mutual security program, I will certainly vote for further practical reductions. This legislation is for the protection of our Nation's future liberty as well as aiding other nations fight the Communist menace.

The people of our country must realize the necessity for a program that will curtail communism and acquaint the people of the world with what communism really is.

Mr. MERROW. I wish to thank the gentleman for his very excellent statement. I wish to express my appreciation for the hospitality which the gentleman extended to the members of the subcommittee when we were in his district in Gary, Ind. The gentleman did a splendid piece of work in making the arrangements and we appreciate the gentleman's hospitality and the interest he took in this matter of foreign policy.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. BENTLEY].

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, in discussing S. 2130, the bill that is now pending before us, we must remember that it is basically nothing but a series of amendments to the basic legislation which is the Mutual Security Act of 1954, as amended. This has resulted in a virtual hodge-podge of language which is completely confusing to anyone who is not in actual possession of the 1954 act. I urge those Members who want to know what S. 2130 really says, to start reading on page 45 of the committee report in the next 52 pages which set forth both the basic legislation and the proposed changes. I might add that without referring thus to the basic legislation, I would defy anyone to fully explain the bill which is now pending before us.

Undoubtedly the most controversial feature of this bill is the so-called economic development fund. As reported by the committee, it carries an initial authorization of \$500 million and authority to borrow from the Treasury \$500 million for each of the following 2 fiscal years, 1959 and 1960. The fund could not make grants but its loans could be repaid on easier terms than, for example, with the Export-Import Bank and the International Bank for Reconstruction and Development. Repayment could be made in foreign currencies and there could be waivers or suspensions of interest. The fund would be for the purpose of financing projects such as power, irrigation, harbors, and transport in the less developed nations of the free world and would be empowered to undertake joint ventures with other lending institutions and with private investors. I should add that a continuing authorization and no-year appropriation is requested.

Now, Mr. Chairman, in my opinion this is the beginning step in a permanent aid program. Once this is established, it will be easily seen how difficult it would be to terminate it, assuming that many nations and many persons have a vested interest therein. Further, in my opinion, this is a device for reducing con-

gressional control over expenditures by the executive department. If this program is adopted, the Congress will have little or no control over the countries to which aid is given and the projects for which it is used.

The question then arises whether ICA, which is to administer the fund, is not likely to allocate aid on criteria more appropriate to grants since the ICA staff is surely more accustomed to providing grants than loans. Another question which should be asked is whether or not excessive extension of loans on terms which are not up to banking standards may increase the debt repayment problems of underdeveloped countries. It is almost certain that loans already made by the Export-Import Bank, for example, will be weakened and that future hard loans or private investments will be discouraged. You can ruin a person or a country with too much credit as well as by not enough.

It also seems evident that this fund is going into competition with the Export-Import Bank and the International Bank for Reconstruction and Development. These institutions have provided, in the past, development funds on sound banking grounds and they have a good repayment record. There are plenty of potentially good, highly productive projects which can be undertaken to stimulate economic growth abroad. The problem is to get the foreign governments concerned to think through these projects and to create a favorable climate for them. If we have this fund in being, the temptation on the part of underdeveloped countries will be to turn to it rather than to established financial institutions where strict conditions are imposed in order to insure that the most productive use possible is made of the money. So, Mr. Chairman, I say that if we are going to have development assistance, let us leave it to an organization like the Export-Import Bank rather than this new creation.

Now let us look at the military assistance in this program which comprises about two-thirds of the bill. Here I would like to read from section 142 (a) of the 1954 act which, of course, is before us now relating to conditions of eligibility for assistance. It says:

No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

This is on page 54 of the committee report:

(1) Join in promoting international understanding and good will, and maintaining world peace; (2) take such action as may be mutually agreed upon to eliminate causes of world tension; (3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party; (4) make consistent with its political and economic stability, the full contributions permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world; (5) take all reasonable measures which may be needed to develop its defense capacities; (6) take appropriate steps to insure the effective utilization of the assistance furnished under

this title in furtherance of the policies and purpose of this title; (7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I of this title, without the consent of the President; (8) maintain the security of any article, service or information furnished under chapter I of this title; (9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter I of this title; and (10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, and provide the United States with full and complete information with respect to these matters, as the President may require.

Mr. Chairman, what countries are receiving mutual defense assistance under this bill by which they are required to live up to all of these conditions? The list is on pages 7 and 8 of the committee report. The figures are classified but the countries are not. There are 12 countries in Europe, including Yugoslavia, 4 in the Near East, 1 in South Asia, 2 in Africa, 7 in the Far East, and 12 in Latin America, including the Dominican Republic. These countries, 38 in all, are getting military assistance and there are 15 getting defense support. I think the Members themselves can ask how many of these countries are living up to all of the conditions listed on page 54.

What about our allies who have gone ahead on their own as to trade with Communist China, including the United Kingdom? What about the action last fall by Britain and France in invading Egypt? What about France's action in its colonial wars in North Africa? What about the actions of all of our NATO allies in reducing their defense goals, their defense expenditures and their national forces? What about the reduction of French troops in Germany to one division, the cut in British forces on the continent, the slow degree of West German rearmament? I could go on but I will give you just one more question: How many of the conditions on page 54 do you think Marshal Tito has fulfilled?

There may be good and sufficient reasons for all of these actions, Mr. Chairman, but that is not the point. The point is that 3 years ago we, the Congress, laid down certain criteria for our military aid program. I maintain that there have been gross departures from those criteria on the part of countries which we are still supplying military assistance to.

Recently I have seen some allegations as to the operations of that mysterious process known as offshore procurement and the number of private persons abroad who may have been enriched thereby. I am sure that this is a subject which the membership will intend to consider carefully although I do not intend to do more than mention it at this time.

Now let us turn to the economic side of this program. This would include the development loan fund, which I have already discussed, technical cooperation, both bilateral and multilateral, and a

variety of other programs under title IV, mostly economic in nature.

One of the chief arguments that is always advanced in behalf of foreign economic assistance is that poverty in the underdeveloped countries proves a fertile breeding ground for communism and that, therefore, to combat communism we must do all we can to raise living standards throughout the world. But this appears to me to be an extremely fallacious argument. For example, France has unquestionably made great economic advances over the past 10 years and yet 1 Frenchman in every 4 still votes the Communist ticket. On the other hand, you will have a hard job finding Communists within the Irish Free State even though the living standards are much lower. In Italy the Communists have made more progress in the more prosperous northern part than in the poorer southern half of the country. And in India the Communists have made least progress among the poorest classes, the untouchables and aborigines. Finally, I am reminded of the example of Czechoslovakia, which perhaps had the highest living standards in eastern Europe and which fell an easier victim to communism than any of its neighbors.

Mr. Chairman, I think that there are many cases where the question could legitimately be raised as to whether or not foreign aid actually slows economic development. In the first place, it relieves the foreign countries of the necessity to find local tax funds for their own expenditures. In the second place, it encourages them to embark upon programs beyond their present economic capacities. Thirdly, it allows foreign governments to disregard the role of private enterprise and in many cases, as with India, actually promotes a policy of state socialism. The more, Mr. Chairman, that we rely on government-to-government programs the more we assist in creating a climate which is unfavorable to private initiative, either locally or from abroad. As long as country X can continue to receive foreign aid, what incentive or encouragement is present to attract foreign investment from private business sources or to stimulate its own local investors?

The American people, Mr. Chairman, like to imagine the foreign-aid program as winning friends and influencing people to our side throughout the world. This, unfortunately, is often far from the case. I am sure the Members are familiar with the many examples where resentment against us has been created owing to division of funds. There are many nations which are quite bitter that they have only received so much while a neighboring country may have gotten more. As long as we are unable to give each country as much as it thinks it should get, this atmosphere of jealousy and hurt feelings is going to continue. I think it is also self-evident that on many occasions this program has succeeded in creating a feeling of inferiority on the part of the recipient nation, a feeling of dependence which is not conducive to friendly relations. And, finally, the effect in many of these countries of hundreds of American techni-

cians and civil servants, with our higher standards of living, swarming over their land, can well be imagined. It has often been said that one cannot buy friendship but it has not been said so often that it should not be repeated once again.

I have heard the argument here on the floor that this program is useful in providing us with important sources of raw materials. But it is a fact that very little of this money is used to expand the production of these raw materials which we are alleged to need so badly. It might even be argued that if these raw-material countries had not received so much assistance from us, they themselves would have done more to expand the production and export of their raw materials, the chief source for them of foreign currency.

Then, Mr. Chairman, I have heard many people say that we must compete with the Soviet economic aid for the allegiance of the underdeveloped, uncommitted areas of the world. I have heard a great deal of argument as to the favorable results which the Soviets have accomplished in this direction. I have also heard of some of the unfavorable results of their program, in Burma, in Turkey, and in Egypt. I am not convinced that we have to embark on a program of attempting to outpromise, outdeliver and outgive the Soviets all over the world.

Finally, we are told that this foreign aid program is essential to our own national security by providing us with large numbers of overseas airbases which provide us with the ability to retaliate "massively" against Soviet aggression. I think this comes to a basic philosophical question: In whose primary interest are these airbases, ours or the host country's? I am all for having overseas airbases but why is it necessary to believe that they would have to be withdrawn if our aid program was discontinued? Is it not logical to assume that these countries would lose as much from Soviet aggression as we would? Are not our overseas bases in their defense as well as our own?

Now, Mr. Chairman, a very large part of this military assistance goes to the Far East, for example, 21 divisions in Korea and 150,000 soldiers in South Vietnam. Now, if either of these countries were attacked, they could not alone provide a successful resistance—we would have to come to their assistance. Assuming that it is not intended to use these forces for aggression, I question the necessity for such large standing armies which require not only a very large amount of direct military aid but also substantial defense support for the budgets of these countries.

Mr. Chairman, one of the things that has most seriously concerned me about this program since I have been in Congress has been the way in which the executive has increased its control of the funds and the legislative body has relinquished theirs. In the bill before us, S. 2130, there is no attempt to divide the funds on a geographical basis and has not been for some time. The present flexibility in the bill, owing to the so-called transfer authority, makes mean-

ingless much of the classified presentation given us in the committee, even if it were not freely admitted that most, if not all, of the presentation is illustrative. Now the idea is to make this money available until expended, whether it is for 1 or for 10 years. If there is a surer indication that this is intended to be a permanent program, I do not know what it could be.

I am sure that every Member of Congress is concerned about our domestic financial and economic situation, about our enormous national debt, our continued high taxes, our creeping inflation, our tight money and high interest rates and many other alarming developments. As Mr. Eugene Castle in his book *The Great Giveaway* said:

For any government to continue to borrow money in order to give it away, is an act of incredible folly. And to do this until the debt incurred in the name of global goodness approaches \$60 billion is simply inviting financial ruin.

Mr. Chairman, when the time comes for a vote on this bill which is before us, I hope that every Member will keep these things: National debt, high taxes, high interest rates, inflation and other factors, very much in mind. I hope that he will ask himself how the passage of this bill would influence all of these factors with which the economic and financial security of this country is so closely connected. I hope he will consider these things with the greatest of care before casting his final vote.

This bill has been pictured as vital to our national security, to prevent us and the free world from being taken over by international communism. Let us not forget that Lenin once stated that this country could be forced to spend itself into bankruptcy. Any person who believes that the danger to our own freedom and security is as great from within as from without should ask himself whether or not his solemn obligation is not to protect the interests of this country above all others and whether the interests of the United States are best served by continuing this program year after year regardless of the cold war. It is on such a basis that the program should be judged.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. I call the gentleman's attention, because I know he has been one of those who has opposed aid to Tito in the past, that in looking at section 143 of the bill I find this language:

In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world.

Does the gentleman recall any testimony or any evidence before our committee as to the criteria the President is to use in ascertaining whether or not these provisions are met?

Mr. BENTLEY. I may say to the gentleman I do not recall any testimony before our committee, but I do recall the testimony that was given to the

American people not so many weeks ago by Marshal Tito himself. I think his own television program provides the best answers to the question that the gentleman is raising.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Louisiana.

Mr. PASSMAN. The committee realizes, or should realize, that in all probability if we were to conduct exhaustive hearings we might find sufficient funds due as overpayment on contracts to operate this program for 12 months. The following is from testimony before the Committee on Appropriations:

Mr. PASSMAN. Mr. Murphy, following up on Mr. Ford's suggestion that we put in the record the total amount of refunds we have received thus far for equipment and supplies sold where they were not utilized according to the law and also the amount of claims pending, would you say this amounts to hundreds of millions of dollars?

Mr. MURPHY. Yes, sir. We have a suit pending now against six major oil companies in the United States that alone amounts to nearly \$100 million because of overpricing of oil.

Mr. PASSMAN. There could be hundreds of millions of dollars in refunds due?

Mr. MURPHY. Yes, sir.

The Government could possibly collect sufficient money to operate a sensible program for 12 months from refunds due to overpricing, without any additional appropriation. If we should remove the cover and reveal the facts as to overpricing, wasteful spending and other irregularities, the Congress would be willing to postpone further action on this program until it is put on a businesslike basis. I thank the gentleman.

Mr. HOFFMAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting] one hundred-four Members are present, a quorum.

Mr. PASSMAN. Is the gentleman familiar with the statement I just made concerning overpricing?

Mr. BENTLEY. I am not familiar with the statement, but I certainly hope if it is not brought out in the course of the debate on this bill, the gentleman's own subcommittee on appropriations should bring those points out when they bring their appropriations bill in.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. BOSCH].

(Mr. BOSCH asked and was given permission to revise and extend his remarks.)

Mr. BOSCH. Mr. Chairman, we are once again involved in the yearly struggle to give away our earnings to foreign governments. It is always well to remember that this program was originally represented as one of a limited temporary nature—it is now more than 10 years and over 65 billions temporary. I have said on many previous occasions that this program is becoming more and more disenchanting to the American people. Past experiences have amply justified such feelings. We have been paying and paying and other nations have tarried and tarried. Our people are

burdened by the heaviest of tax loads, yet the people of other nations have and do receive tax relief. The time is at hand to think of our people and our country's welfare. The time is also at hand for some of our so-called allies to awaken to the realization that they must get out of the habit of doing nothing and for us to reappraise the overall situation in those countries where they are unwilling to carry their share of the load.

The discouraging part of the entire program, in my opinion, at least, is that even if no appropriation were made for the fiscal year 1958, the program would not end for some time to come. Let us therefore analyze the figures—the request is for \$3.8 billion to which must be added the request for \$1.5 billion to be borrowed from the United States Treasury for the Development Fund during the next 2 years. This makes a total of 5.3 billions of American taxpayers' dollars. This is bad enough, but we must also consider that to this we have to add \$6 billion still unexpended from previous foreign aid appropriations as well as some \$1 billion from sales of surplus agricultural commodities—a grand total of \$12 billion—and this with a national debt approaching \$280 billion.

We must also take into consideration economic aid in the form of an appropriation of \$300 million for a new classification of "special assistance." We know it, however, to be a continuation of the old foreign-aid grants. In the economic-aid program there is presently the unexpended balance of \$318 million—a grand total in this fund of \$618 million. In addition, we have the proposal for a bank for loans to undeveloped countries—and it is admitted that none of the public or private lending agencies would be willing to make these loans. The initial amount requested for this fund is \$2 billion. The question: If, and when, they are repaid, will they be repaid to the United States Treasury? The answer: Of course not, any repayments go into the foreign-aid program.

Another discouraging fact is the proven difficulty that Congress has had in getting reliable information as to the disposition of foreign-aid funds. If the present program is adopted, Congress will in all probability be forever foreclosed from obtaining information, since the trend to executive assumption of another legislative power is furthered by appropriating military aid, though charged to defense, directly to the President.

Finally, we are reminded, Mr. Chairman, that unless we continue this annual "giveaway program" we will make things easier for Communist Russia to take over what she has not already taken even with our 10 years and \$65 billion program. Yet, the fact remains that we have never thrown the challenge to Russia and it is unbelievable that that ruthless dictatorship could ever meet the challenge. Sadly, however, they may never have to meet the challenge since it appears we may be playing into their hands by giving away our money, thus making us an easy prey for the planners of the destruction of our Constitution,

our freedom, and the American way of life. I cannot and will not in good conscience vote to give billions of dollars of the American people's money to help their cause.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MORANO].

(Mr. MORANO asked and was given permission to revise and extend his remarks.)

Mr. MORANO. Mr. Chairman, first of all I want to say that I disagree most heartily with the philosophy expressed by my distinguished friend from Michigan [Mr. BENTLEY].

I am one of those who believes that the mutual security program provides the shield behind which Western Europe is rebuilding its strength. By providing arms to our NATO allies it gives them courage and confidence as well as a firm determination to resist aggression by the tyrants of the Kremlin. It gives the people of Asia a firm faith in their future and stiffens their will to resist aggression either by force or by blandishment. It gives the people of the Middle East an assurance of our help and support. It is a reaffirmation to our Latin American friends of our faith in their future and of our support to them in resisting infiltration and revolution by Communist saboteurs.

Apart from these and even more important, however, the mutual security program is a vital part of the defense of the United States. It is just as real a part of our defense as the rifle in the hands of our own GIs, as our own missiles, as the ships manned by our sailors, and as the jets flown by our own pilots. It is vital to the preservation of our way of life.

Without the mutual security program, we would have to give up our farflung system of bases which provide protection to the United States and which is one of the principal elements in our massive deterrent power against the Soviet Union. There are more than 250 of these bases which girdle the globe and which include airbases, early warning systems, naval bases and others. Without these bases, we could be emasculated in the face of the Soviet threat. From these bases our Strategic Air Command planes are refueled and from these bases we would mount a counterattack the moment that the Soviets dared to attack.

In addition to these bases of our own there is also a mighty complex of so-called infrastructure airbases in Europe which are available on a common-use basis to the NATO countries. These bases are the first line of defense of Western Europe and of the United States.

Bases are not the only benefit we receive from this program. When the mutual security program started there were available for the free world defense, other than United States forces, only 960 naval vessels, 3,500,000 troops, 11,000 conventional aircraft, and 477 jet aircraft. Today, 7 years after the inception of the mutual security program our allies have 2,300 naval vessels, 4,800,000 ground troops or more than 200 divisions and a total of 23,000 aircraft, including 10,800 jets. It would be impossible for

the United States to support and maintain these forces with its own manpower and its own funds. No one living could predict the exact cost to the United States if we were to endeavor to do it all on our own. Nevertheless, the cost both in men and in material would be so staggering that our taxes today would seem puny compared to those needed if we endeavored to live in our fortress without allies.

One reason that the aid program is able to achieve such striking results with such a comparatively small expense is that it costs far less for other nations to support and maintain their troops than it does the United States. For example, it costs us no less than \$6,600 to equip, train, and maintain an American ground soldier and to provide transportation and other support. The comparable cost for a Turkish soldier is \$105; for a Korean soldier, \$117; for a Pakistani soldier, \$485; and for an Italian soldier \$837.

Our allies maintain 4,800,000 ground soldiers. Using the above figures it would cost us \$32 billion a year to provide that many ground soldiers without arms.

Our system of military alliances is a vital part of our own defense. They provide the shield protecting our allies from Communist aggression and conquest. If we were to lose Europe and Asia to the Communists our fate could be sealed. NATO, SEATO, ANZUS, and the Rio Pact, together with our assistance are the instruments which, on the one hand, protect our allies from Russian conquest, and, on the other hand, give them the will and determination to resist the Soviet threat.

The military assistance program is not a one-way street. During the last 7 years, we have spent \$17.4 billion for military assistance. During that same period our allies have spent \$93 billion. Stated in dollars and cents, our NATO allies have spent \$6.35 for every dollar which we have furnished, while on a worldwide basis, expenditure by our allies has amounted to \$5.34 for every dollar which we have spent. Stated in more concrete terms the European NATO countries have spent \$78 billion for their defense while we have spent \$12.3 billion. Also, I would like to point out that the United States share of military assistance in the NATO area is going down every year; for example, in 1953, we furnished \$3.2 billion while our NATO allies spent \$12.8 billion. Last year, however, they spent \$13.1 billion while we furnished only \$1.7 billion.

There is simply no truth to the charge that we are carrying the entire load.

I urge support for the program.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield.

Mr. O'HARA of Illinois. I wish to commend the distinguished gentleman on a very able and factual presentation of this bill. I think he made a very convincing talk.

Mr. MORANO. I thank the gentleman very much.

Mr. CARNAHAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. HALEY].

Mr. HALEY. Mr. Chairman, I rise to go on record as being in opposition to the bills before us today and to state a few of the reasons why I am constrained to oppose the measure.

First, much has been said during the debate concerning the study which has been made of the foreign-aid program. Many of my colleagues have assured the House that this bill is a better bill than other foreign-aid legislation that has come before the Congress in prior years.

I have carefully studied all committee hearings, reports, and other pertinent data that I could obtain on this measure, and I personally do not believe that the Mutual Security Act of 1957 is better than the Mutual Security Act of 1956, or any previous giveaway bill that has been enacted by the Congress. Neither do I believe that there has been any realistic change in our foreign policy nor that it is today any more than just a continuation of a policy established many years ago.

A brief review of the history of this modern foreign-policy giveaway program shows that it began during World War II. It was known then as the lend-lease program, and it was a program of giving—not a program of lending. Of course, this was done in the furtherance of the war effort. We were not trying to win friends—we were merely trying to save ourselves. Since the time of the lend-lease programs, the character of this type of program has not changed, only the name has changed. It has progressed through and into several other programs, namely, the Marshall plan, the Truman point 4 program, the mutual-security program, and the Eisenhower doctrine. The other major change in the giveaway program has been the change in administration of the program. Each time the American taxpayer begins to question the effectiveness of the program, in light of the waste, extravagance and corruption that have been publicly revealed in the administration of the program, Congress is asked to reduce the program. Instead of a reduction, the responsibility for administration of the program is transferred to another agency, or a new agency is created to administer it. Now the program is being administered mainly by the International Cooperation Administration with the Department of Defense bearing the responsibility for the military aspects. But, for the major part we are told that our foreign policy is being carried out through the ICA.

There is no need to go into the details of waste and extravagance that have been documented. We know that it is going on every day. But when abuses, such as the ones in Iran are brought to light and given publicity, we do not hear a word of apology from any responsible persons in the administration, nor do we hear of any steps being taken to correct the situation. This apparent condoning of waste of American tax dollars should cease.

Certainly, we should have a better system for the accounting of foreign-aid funds and better control over their expenditure so that such waste can be prevented. While the Constitution gives the power of formulating foreign policy

to the administration, it gives the Congress the authority to appropriate funds necessary for the program. And yet, I think we are too often duped by the "policy of panic." Too often we are told by responsible representatives of the administration that we are nearing a crisis and must have this money now. The legislative processes are hurried up and the money appropriated without thorough study being made of realistic needs.

One of my main concerns over this program is the same as that of a majority of American taxpayers who want to know how long they will be called upon to subsidize the economies of 60 nations of the world. The taxpayers of this Nation have been more than generous with other nations; but now they want to know how long this program will last and where it will take us.

From the good people of my congressional district and State—from taxpayers all over this Nation, I have had letters asking me how we can "sanely" continue to pour billions of dollars into the economies of other nations, while our own national economy is threatened. They are alarmed, and I am alarmed over the fact that we continue to build up a national debt which we cannot pay—a debt we must leave to future generations for payment if it is ever to be paid.

I am not alone in my concern over the rapidity with which the Congress is asked to spend money, and does spend money, while at the same time it continues to cut down on the revenue of our country. This is the serious subject we must face, namely, how long can we continue these spending sprees. As one lady recently wrote me, comparing our national budget with her household budget, she said: "A family must save so that it can pay for the necessities it must have." That is our national problem. Our income is not increasing as our expenses are increasing, and we are not saving for future needs. The time has come for us to decide what are our necessities, and are we getting a commensurate value in the purchased good, insofar as the price paid is concerned. As I have stated, I have studied this program carefully, and I do not think we have derived or will derive values from the mutual security program which are commensurate with our expenditures.

We all know that you cannot buy friendship. We have seen the situation, time and time again, where a person or country receiving financial assistance does not become independent because of this assistance, but becomes dependent on additional aid. As in the case of foreign aid—some of these countries begin to act as if we owe this money to them. Often they express publicly their disappointment because they do not feel the financial aid granted them is as much as they think it should be.

Just 10 years ago the Marshall plan was formulated. Under this plan the American taxpayers were told that the job of rehabilitating war-torn Europe would take only \$17 billion and 4 years. Where were we at the end of those 4 years and that \$17 billion? We were just getting started in foreign-aid busi-

ness. Now where are we? We have spent over 60 billion of American tax dollars, and we do not have the security the proponents of the aid program expected, mutual or otherwise. And now? Now we are told there is no end in sight for the program.

Of course, I know that the conduct of our foreign affairs requires money. But what I would like to know is how much this program is going to cost us and how long it must be continued. Are we building around this globe countries of military and economic strength upon whom we cannot count in the case of global war? If the answer to this question is in the affirmative, then I would suggest that we immediately stop this program, because our Nation is now the strongest military power in the world.

It is my sincere opinion that not only do we need to reevaluate the effectiveness of the mutual security program, but that we also need a complete reappraisal of our foreign policy. We must limit our foreign-aid expenditures to the necessities—to the essentials. The time has come when we must reacquire some of the qualities of our forefathers—those traders who were realistic in their thinking, and were successful in obtaining a dollar's value for a dollar spent. The theorists are bringing our Nation to the verge of bankruptcy, and I, for one, believe that we cannot continue to give away the wealth and resources of our country without waking up 1 day to find our own Nation faced with economic bankruptcy.

(Mr. HALEY asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, the annual debates in this House on the mutual security program furnish an appropriate opportunity for a discussion of American foreign policy. I would like to offer some observations on the present state of affairs in the Middle East, which has become the front line in our struggle to save Europe and Africa—as well as the region itself—from international communism.

It is generally believed that our position has improved. We have been told that the Communist advance has been temporarily halted, and that the free world defenses are being strengthened. Conditions in the area began to deteriorate in 1955, following the Czech-Egyptian arms deal, and the Kremlin's aggressive infiltration with arms, agents, and propagandists. Communist penetration reached a climax when Nasser seized the Suez Canal last summer; and, if he had not been challenged and defeated by the Israeli Army last fall, there is little doubt that Nasser today would dominate the entire Middle East.

One factor that helped the Russian advance last year was the general impression that we had become isolationist and that we would not intervene. This was changed for the better with the Eisenhower doctrine. I had much criticism of that doctrine. I felt that it did not go far enough—that, in addition to

a commitment to aid in the defense of the region from external Communist aggression, we had to make concrete efforts to face and solve the internal problems of the region, because, in my judgment, the real danger in the Middle East arises not from external, overt attack by the military forces of the Kremlin but from the subversion growing out of its terrible economic imbalance and its continuing intraregional conflicts. However, there is no doubt that when we made it clear that we would come to the defense of any state that needed us, in the event of an attack by international communism, we strengthened resistance to communism in the region.

A second phase of the Eisenhower doctrine was the congressional appropriation of \$200 million to provide some assistance to the countries in the region; and our former colleague, Ambassador James P. Richards, went to the Middle East to offer it. I regret to learn that one-half of the \$120 million which Mr. Richards committed went for military aid. Prior to 1954 our Government did not distribute any arms in this region. I think many Members of the House felt strongly—and still feel—that it is a mistake to give any arms to any of the countries in the Middle East in advance of a peace settlement. The granting of such arms does not make the peace. On the contrary, it feeds the military ambitions of the more aggressive elements in the region and it prejudices the attainment of a peace settlement. Regrettably—and I still believe that it was a great blunder—the administration began to grant some arms to Iraq in 1954, and when we criticized this allocation it was explained that Iraq did not have a common frontier with Israel and that it was a policy of the administration not to give arms to either Israel or its neighbors because, it was said—and Mr. Dulles said it as late as 1956—that we are opposed to an arms race. But now as we look at the region, what do we find? Mr. Richards, we are told, gave some arms to Lebanon. Within the last few days—on June 29 to be exact—the administration granted \$10 million in arms aid to Jordan. We have no information as to whether we are giving arms to Saudi Arabia, but we do know that we are selling substantial quantities of arms to that country—we assume at very low prices—and, in addition, we recently gave \$25 million to this oil-rich Saudi kingdom to help her build her port at Damman. This means that most of the Arab countries close to Israel's frontiers are now getting arms from us, and the two others—Syria and Egypt—have been getting large-scale shipments of arms from the Communists. Thus, we can see, there is a full-scale arms race in the area. And the one country that gets arms from neither the Russians nor the United States is Israel, the only country with an army worthy of the name, and the only country which is completely and irrevocably committed to the defense of the free world. Is there any logic, justice, or wisdom in this bizarre program? Is this policy? Or is this lunacy?

Now, some argue that we have no alternative but to furnish arms to these

little countries in order to keep them on our side. But many of us doubt that this is really in America's own best interests. Obviously, we are concerned to maintain the peace of the area and, if the sending of arms sharpens military ambitions and encourages military adventure, we will not keep the peace—we will be its chief disturbers. But, quite apart from that, can anyone really say that the free world is stronger as a result of this military obsession? We are indebted to Mr. Chester Bowles, the former Ambassador to India, for an interesting analysis of this problem in the New York Times of June 30, which I commend to every Member of this House, and which was printed in the CONGRESSIONAL RECORD on July 1. Mr. Bowles points out that military men privately admit that the sending of arms to such countries as Pakistan, Iraq, Iran, and I assume he would now add Jordan, really does not strengthen defenses against the Russians. The primary purpose is to strengthen the prestige of the governments who are beneficiaries of our program. But, Mr. Bowles continues, there is ground for argument that our own security is impaired. Thus, the truth is that when we gave arms to Pakistan we forced Afghanistan to turn to the Soviet Union for large-scale assistance, and we forced India to commit \$100 million of its currency to acquire arms from England and France, thus jeopardizing its economic development program. When we gave arms to Iraq, this provoked the Egyptians, who, in turn, went to the Soviet Union for their arms, and this in turn alarmed the Israelis, who appealed to us for arms last year and who, when they were denied any grant from our government, were compelled to go out and shop for arms at high prices from countries in Europe. Ultimately an explosion shook the Middle East. I know that there are many close students of the Middle East who believe that the Russian penetration of the area was a direct and inevitable outcome of the original blunder—the needless gift of arms to Iraq.

In addition, there is no doubt that these arms shipments injure the hope of an Arab-Israel peace, which is a condition precedent to stability and development in the Middle East, and its adequate and effective defense. When we give or sell arms to Iraq and to Jordan and to Lebanon and to Saudi Arabia, without requiring them to make peace with Israel, they are likely to interpret our grants as a blessing on their policy. I know that we have been told that it is much better for the Arab countries to be on our side and getting arms from us than getting arms from the Russians, and I assume that this is the fact. But there are wishful thinkers in the State Department who believe that if we continue to give these arms to the Arab countries eventually they will come to like us so much that they will come to think as we do.

Well, history doesn't confirm this wishful speculation. The British created Jordan 35 years ago and kept it alive and gave it a military subsidy for a long period of time—and they were finally and unceremoniously expelled from the

country. The last British soldiers departed from Jordan just this month—on July 5.

One might imagine that when we give these arms, the Arab states, out of respect for public opinion in this country and the policy of the United States, and indeed the laws that have been enacted by this Congress, might show some disposition toward peace or cooperation with Israel. On the contrary. It is a shocking fact that, notwithstanding our substantial gifts of arms to Iraq, that country is more violent in its threats against Israel than any other country in the Middle East. It may surprise this House to know that the anti-Israel statements that emanate from Iraq have been more violent than those that have come from Colonel Nasser.

And now we witness a similar phenomenon in Jordan. I have in my hand a current issue of the Near East Report, a Newsletter published here in Washington on American policy in the Middle East, and I find these Jordanian statements—6 days after the announcement of our military aid grant to that country. On July 4, the Jordanian Chief of Staff, Major General Hafiz Majali, told the press:

Once complete and permanent stability exists among the Arabs and as soon as it becomes possible for our armed forces to prepare themselves Jaffa and Haifa will be in our pocket. We have to prepare ourselves for the day on which we will regain our country. We must stand shoulder to shoulder in order to create the stability so that we will be able to recover our homeland. There is no place in our stolen homeland for Jews or world Zionism.

And King Hussein in a broadcast on July 7, said:

Our brethren will sense the danger which surrounds both us and them from all sides, will unite and put an end to the elements of disunity and dispute and together will liquidate the heretics. Stolen Palestine is like a volcano which stirs my blood.

The Near East report points out that unless we challenge this kind of belligerent statement by the Jordanian King and his chief of staff, the Arabs of Jordan are permitted to infer that we approve their policies, for we are equipping them to implement them.

Why do these countries which get arms from us become more aggressive and more militant in their threats against Israel? Well, there is really no mystery about it. These countries are under constant indictment by Nasser's pernicious and malevolent propaganda. In taking arms from the United States they are accused of surrendering their independence and becoming the satellites of Washington. The convenient way to reject this aspersion is to prove to themselves and to each other that they are as pro-Arab as ever and therefore more anti-Israel than anybody else, for Israel is the common enemy. Now, one can laugh this off as just plain propaganda intended for the satisfaction of an unhappy domestic public opinion, but when you are in Israel living a few yards from the guns of the Arab legion, and when it occurs to you that these guns, although still British, are now being put into the hands of the Jordanians by the

United States, and you remember that Israel can get neither guns nor a security guaranty from the United States, and when every radio broadcast blares new blasts against Israel from Moscow, and you know that the United States is actually a friend and the leader of the free world—well, you ask whether there is any purpose, any principle, any logic to United States policy. These threats must not be written off as idle—because when one threatens to engage in a new attack on Israel, the danger is that a rival may be tempted to call his bluff—if bluff it is—by outdoing him. And we see evidence of this in the last few days, because as soon as we started to give arms to Jordan and the Jordanians signalized this success by flaunting their belligerency against Israel, Syria at once started up a campaign to outdo Jordan, and the rifle fire began to flare on the Israel-Syrian frontier. Meanwhile Saudi Arabia, which is now supposed to be the great and good friend of democracy in the Middle East, persists in its campaign against Israel with demands that the Straits of Tiran and the Gulf of Aqaba be closed. Parenthetically, I think our State Department is to be congratulated on the firm way in which it has rejected the Arab threats and the spurious Arab claims on this issue. Obviously it is not only in the interests of Israel, it is in the interests of the entire free world that the Straits of Tiran and the Gulf of Aqaba remain open to international shipping, because the time is not far distant when a pipeline will be built across Israel from Elath to the Mediterranean to provide an alternate route to the Suez Canal. Only when such a pipeline is built will we be in a position effectively to challenge Nasser's monopoly over the Suez and his attempts to control the lifeline and fuel supply for the people and states of Europe.

If we are to continue this type of military aid to the Arab states—and I think that it is a most debatable and dubious adventure—then we either have to provide arms to Israel or else we must answer the Arab threat against Israel by entering into a firm security pact with that country. Our failure to take this action long ago—as soon as we started arming the Arabs—has been a major factor contributing to Arab confidence in Israel's destruction.

But I would feel much happier, and I think many of the members of the House join me in this, if our aid program to the Arab countries consisted of economic aid, and if we were to use our resources not to arm the existing regimes, but to put ourselves on the side of economic development and the raising of living standards for the peoples of the area. I would like to refer this House to the excellent report that was filed with the Senate Foreign Relations Committee by Senator HUBERT HUMPHREY of Minnesota, after a trip to the region. Senator HUMPHREY points out—as did Mr. Bowles in his article in the Times—that there is urgent need for the establishment of a Middle East Development Agency which will become the catalytic agent to stimulate development in the region, to turn

the minds of the rulers from military adventure to positive and constructive economic achievement. Such an agency could become the instrument for the development of the Jordan River Valley and for the resettlement of large numbers of Arab refugees in the Arab countries, which are today underpopulated and which could use these wasting human resources at benefits and advantage to their own economies and development.

Accordingly, I am glad to see that the administration is proposing a large development loan fund in the mutual security program. One of the reasons why I am ready to support this program is that this fund holds the promise of an attack on the fundamental cause of tension in the Middle East—the mass poverty and the revolt of the people in that area against their misery. I would have felt much happier, Mr. Chairman, if the Richards mission have given \$120 million in economic aid to the region. I hope that the administration will reconsider its past policies and that it will implement a development program. Take Jordan, for example. Perhaps we had no alternative but to provide \$10 million in military aid for Jordan. Perhaps this was imperative to rescue Jordan from capitulation to Nasser and his Communist-orientated followers. But, Mr. Chairman, I am convinced that unless we help Jordan to meet its economic problems, we might as well write that little kingdom off. There is only one resource in Jordan. It is the Jordan River. Unless we push for the development of the Jordan River and the Jordan River Valley—and I am referring to the ambitious plan that has been formulated by Ambassador Eric Johnston—this country cannot survive the tensions and bitterness which will persist so long as large numbers of its people cannot earn their own way.

I regret that the administration insists on a policy of secrecy about its program in the region. The security of the United States would not be impaired for one moment if we were told exactly how much we propose to allot to each of the countries in the region in the coming year. The United States is strong and vigorous enough to be able to announce its intentions and to stand by them. The argument that we must not disclose how much is programed in the case of each country because we may want to change it later implies that we use the foreign-aid program for bargaining and pressure. This is a mistake. The countries in the area would all be better off if we made clear from the beginning how much we plan to give and what purposes and programs we favor. Here, as elsewhere in our foreign policy, we are giving the impression of empirical improvisation—a day-to-day operation with no clear program projected for the future. There is no reason, for example, why we should not be told whether or not the administration plans to help Israel meet the urgent economic problems which have arisen as a result of the large influx of immigration from Hungary, Poland, Egypt and other areas. In this connection I am very glad to see that the House Foreign Af-

fairs Committee—and I wish to congratulate the members—has referred to Israel's new and urgent need in its report. The committee has said:

In using these funds it has anticipated that consideration will be given to the fact that our aid program to Israel has helped that country to expand its industrial and agricultural output, and to meet the cost of resettling refugees who found a haven there. In the last few years, allocations were cut from a high of \$73 million in 1952 to \$25 million in 1956—as immigration tapered off and as the country strengthened its economy. It may be advisable to increase assistance because of the sudden upsurge of immigration in the last few months, totaling approximately 100,000.

For this I believe the members of the committee deserve commendation. Many of us believe that Israel is a consistent and dependable friend of democracy. It has a stable government and an amazingly competent army, as was amply demonstrated in the last year. We would make the greatest blunder if, in the pursuit of Arab favor, we were to defer and yield to Arab animosities, and reduce our program to Israel. In the long run, it will hurt America if Israel is kept on the brink of economic collapse because of any inadequacies in the United States aid program.

I would like, Mr. Chairman, to go on record as saying that I strongly favor a substantial increase in American aid to Israel in the coming 12 months. This is necessitated by the fact that this little country is taking in 100,000 immigrants from Hungary, from Egypt, and from other centers behind the Iron Curtain. This is a remarkable achievement, reminiscent of the great humanitarian homecoming which we witnessed in the first years of Israel's establishment. Members of this administration should know that many Members of Congress are deeply concerned about this issue. Nothing would be more inimical to the interests of the United States or to the free world if there were to be any diminution in our aid at this time and any contraction in Israel's capacity to meet its responsibilities, and to develop its economy in its long but successful struggle for economic independence.

Mr. Chairman, this is vital not only because it is important to help Israel meet its problems but because this is one way of affirming to the Arab world that we reject their continued threats against Israel's economy; that we will not permit them to carry on a blockade which strangles Israel; and that we are determined that Israel is to remain as an integral part of the Middle East. This is crucial for the attainment of peace. I wish that the administration would come to recognize that any equivocation or any ambivalence in our attitude toward Israel contributes not to peace but to war, because it feeds Arab appetites, it stimulates Arab aggression.

Mr. Chairman, I conclude my remarks with this observation. One of the weaknesses of our policy during the past few years has been to play down the need for an Arab-Israeli peace. I have watched the administration's statements very closely and I find that in recent years we have refrained from urging

the Arab States and Israel to come together in direct negotiations. As a result, the impression has grown up in the Arab world that we are not pressing them to make peace, that we have deferred to their attitude in the matter, that we agree that there should be concessions on Israel's part before there is any peace settlement. I am afraid that the Arabs have come to believe that some day we will join with them in imposing upon Israel a peace which compels her to surrender territory and to deprive herself of some of her sovereign rights, such as the right to provide sanctuary for refugees.

I think it is time that the administration reaffirmed our traditional position. Nothing can change a country's boundaries except negotiation between the countries directly concerned. We ought to make it clear, once and for all, that we want Israel and the Arab states to come together without conditions, and without concessions, to bargain fairly and honestly together in order to promote a settlement. I again refer to the fine statement made by Senator HUMPHREY in his report to the Senate Foreign Relations Committee, in which he points out that it is necessary to bring about this type of direct negotiation in order to achieve a durable settlement. Peace must become a priority on our Middle East agenda.

Mr. Chairman, none of us is in a position to predict what may happen to Jordan nor to Israel nor to any of the Arab states in the coming years, because this is a turbulent area, unstable because of the economic torment, and unstable because of political rivalry and hatred. It must be our purpose to promote stability—to bring these states together in harmony and in cooperation for their common development. The administration today claims to have the friendship of Saudi Arabia, of Iraq, of Jordan, of Lebanon. If this claim is real and well-founded, let the administration now begin to work to demonstrate to these states that all of them will be stronger and more secure if they join in a broad and sweeping federation with Israel for the common defense and their mutual development.

Surely they must know that there is a reason why the Soviet Union, now joined by the Communist leaders of China, levels so much of its propaganda abuse against the State of Israel today. It is not to make the Arabs feel happy. In truth, it is aimed just as much at the independence of the Arabs as it is against Israel. For the Soviet Union knows very well that Israel is the strongest outpost for the free world in the Middle East and that if the West can succeed in bringing about a peace between Israel and the Arab countries, the area will be sealed off against communism, and freedom and peace will be preserved. That is important—vitally so—to all free peoples, and especially so to every American.

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SHEEHAN].

(Mr. SHEEHAN asked and was granted permission to revise and extend his remarks.)

Mr. SHEEHAN. Mr. Chairman, from reading the report on the mutual security or foreign aid bill, and from some observations made in the hearings, I would like to address myself to the question of the possibility of profiteering by foreign allied governments and people connected with these governments on certain phases of our foreign aid program.

In the report itself, on page 4, the committee refers to reports issued by the Committee on Government Operations indicating deficiencies in the administration of certain aspects of the mutual security program, to magazine and newspaper articles about the same subject. The report states that the Foreign Affairs Committee has not attempted to reinvestigate or reevaluate specific incidents or charges. The report further states that the General Accounting Office has reported to the committee that action has been initiated to correct most of the deficiencies which its auditors have revealed.

As far as I know, it might be possible that the members of the Government Operations Committee or of the Foreign Affairs Committee know about these "deficiencies" but I assume that the average House Member has no knowledge of them.

Mr. George H. Staples, Associate Director of the Civil Accounting and Auditing Division of the General Accounting Office, in his testimony on page 1157, relative to Korea, stated that his auditors found quite a few procurement irregularities, such as collusions between supplier and importer, defective merchandise, kickbacks, and overpricing. Mr. Staples, apparently, based his answer on an investigation made by the International Cooperation Administration which reported on 110 cases, and the ICA further reported much of it needed further exploration.

I noticed that Mr. Edwin A. Lahey, chief of the Washington bureau of the Knight newspapers, has been highlighting certain phases of this problem in his dispatches of July 1 and July 16 which I read as follows:

[From the Chicago Daily News of July 1, 1957]

BARE PROFITEERING IN UNITED STATES OFFSHORE PROCUREMENT—REPORT ON FOREIGN SUPPLIERS TO MILITARY WAS SUPPRESSED

(By Edwin A. Lahey)

WASHINGTON.—A report on profiteering by foreign suppliers of the United States military services has been suppressed here, it was learned Monday.

The reason for suppressing something of this much interest to taxpayers was not immediately determined.

But it was possible that the lid was kept on this scandal in the hope of averting discussion of it while the Defense Department appropriation bill and the foreign-aid bill are still in the congressional hopper.

Both the Defense Department and the International Cooperation Administration engage in what is called "offshore procurement." The purpose of the "offshore pro-

curement" program is to bolster the economics of friendly nations as much as possible.

The suppressed report involves foreign procurement contracts in the Department of Defense and was prepared by the General Accounting Office.

Charles Bailey, a General Accounting Office "watchdog" assigned to the Department of Defense, referred questions about this report to Robert Keller, Assistant to the Comptroller General of the United States.

"The report is classified. That's all I can say," Bailey said.

The amount of profiteering involved was not learned. Neither was it possible to ascertain in what friendly land the profiteering at the expense of United States taxpayers took place.

Some members of the House Foreign Affairs Committee are believed to have seen the report, and to have expressed shock over its contents.

But they are inhibited from revealing its contents because it was shown to them as a "classified" document.

[From the Washington Post and Times Herald of July 16, 1957]

AID QUIZ LINKS FOREIGN POLITICIANS

(By Edwin A. Lahey)

Foreign politicians have enriched themselves personally in the offshore procurement program of the Defense Department.

This information is contained in the suppressed report on foreign profiteering in the military aid program, it has been learned authoritatively.

It was also learned that France and Nationalist China are among the foreign nations listed in the report of profiteering.

SECRET LABEL INVOKED

The report was prepared by the General Accounting Office but classified as secret by the Defense Department, which administers the military aid in the mutual-security program.

The existence of the suppressed report on offshore procurement profiteering was disclosed last week. At that time, it was supposed that the only guilty parties were the governments of our foreign allies.

Now, according to authentic sources, it appeared that individuals connected with these governments have made personal profit on United States supply contracts through the old-fashioned American racketeering device of the "kickback."

Details of this profiteering are still secret, because of the security regulations invoked by the Defense Department.

But it is well established that foreign allies used dummy corporations to enter into procurement contracts with the Armed Forces of the United States.

AMOUNT IS SUBSTANTIAL

One other fact about this suppressed scandal also emerged:

The amount of money involved in the profiteering at the expense of the United States taxpayers is substantial.

One official was asked if the whole thing would turn out to be peanuts if and when the Defense Department secrecy curtain is pierced.

"If the money involved were peanuts, you can be sure that the General Accounting Office would not have gone all the way with its report," this official said.

The extent to which the Governments of France and Nationalist China (or their officials) were involved in this scandal was not apparent. But the same source that said these countries were mentioned in the suppressed report also described the contents of the report as shocking.

Apparently, a great amount of irregularities have occurred in the offshore

procurement, and it is pointed out that the General Accounting Office has written up a report on foreign governments and/or foreign suppliers closely connected with foreign governments which apparently indicate profiteering on the part of our friends and allies at the expense of the American taxpayer.

This report, I understand, has been given to the Foreign Affairs Committee and Government Operations Committee and others, and has been "classified" by the Defense Department. It seems to me that the Congress and the American taxpayer certainly have the right to know who and to what amount the American taxpayers have been gouged through unethical, if not illegal conduct, on the part of our allies. I cannot see how it would embarrass the international security program if this report were revealed to the American people.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. SHEEHAN. I yield.

Mr. VORYS. We explained at some length why that document is classified. The reason is because it has to do with negotiations between different foreign countries on these programs, and we find that it is embarrassing and prejudicial in our negotiations to have each country, even our friends, know what other countries are getting. That is the reason why the amounts per country for military aid, and much of the economic aid, is being classified. The gentleman is in error when he refers to offshore procurement in Korea. Our committee this year had an exhaustive study by the General Accounting Office of the program in Iran and the one in Korea. But this offshore procurement study went to the matter of profits involving Italy, Spain, France, and the United Kingdom. It is here at the committee desk if the gentleman wants to examine it. We not only found through the General Accounting Office that there had been no corruption, but we found that on the other phase of it, on the argument with each country as to whether they had made any profits, that that argument was in many cases still going on, because unless and until all of the offshore procurement projects in each country could be balanced out, we could not finally determine the amount of profits.

Mr. SHEEHAN. If the gentleman will permit me, if he will refer to his own hearings, page 1157, he will find that the statement I made about procurement in Korea is correct, because I found there the report of 110 cases. Therefore the gentleman from Illinois is not incorrect in that assumption.

Mr. VORYS. I am looking at the page to which the gentleman refers. That was not offshore procurement.

Mr. CARNAHAN. Mr. Chairman, I yield to the gentleman from New York [Mr. FARBSTEN] such time as he may consume.

(Mr. FARBSTEN asked and was given permission to revise and extend his remarks.)

Mr. FARBSTEN. Mr. Chairman, I want to congratulate the gentleman from California on the remarks he just

made and wish to associate myself with them. As a matter of fact I intended to speak to some degree on that very subject, but he has done it so much more effectively than I could that I shall merely extend my remarks in the RECORD at this point.

Since the end of World War II, Congress has made available \$64 billion in foreign aid to the whole world. Now we are faced with the decision whether we shall add some \$3,200 million to this total or not. All in all we are currently supporting over 2,000 projects in 56 countries. The question before us is whether these projects are worth while and whether we should continue to support them in the interests of our own future welfare.

Currently, voices are being raised over our land asking that foreign aid be discontinued because our substance is being drained with no possible good effects resulting from our contributions and good intentions.

Let us discuss a few segments of the mutual security bill under which we will be asked to authorize approximately \$3.2 billion for expenditures during fiscal 1958 and see whether this is so or not.

1. MILITARY EXPENDITURES

The bill will make available for foreign military aid another \$1.5 billion, as well as granting the President authority to spend an additional \$500 million of unexpended carryover funds. This contribution of \$2 billion is only a small part of the defense budgets of the various nations to whom we give assistance. An estimate of the military budgets of our NATO and SEATO allies comprises a total of more than \$50 billion.

The small amount spent by us to assist our allies in their overall military expenditures will result in an enormous strengthening of our allied front. This will be so since the greater portion of our military aid is to assist our allies with advanced weapons which they would otherwise not have at all.

May I reiterate that in my opinion military assistance should be justified in terms of the military security of the United States or it cannot be justified at all. It is known that the cost of maintaining a Korean or a free Chinese soldier is but a fraction of the cost of maintaining an American soldier. Luckily for us it is the judgment of our military authorities that the nationals of our allies make excellent soldiers when properly equipped; and I must state emphatically that we would be acting contrary to our own self-interest if we did not rely upon them as far as possible for military defense.

2. DEFENSE SUPPORT

In addition to our military assistance we are being asked to authorize \$700 million for defense support to build up the productive ability of our allies, to supply their own defense forces and to build up their manufacturing potential for servicing their own forces. There is much criticism against giving help of this type, but we feel that an expenditure of this nature enables us to add to our security by buying many things—we buy preparedness, we buy industrial potential, we buy the availability of

fully equipped soldiers, we buy the availability of warships, planes, and airfields, we buy the training and ingenuity of very large numbers of soldiers, but above all, we buy—time, which comprises the warning period that we have between an initial attack and actual reality. Our allies in Europe and elsewhere are the buffer between us and the Communist bloc.

It has been said that by giving this type of defense support we turn our friends into perpetual dependents. I wonder how our friends look on this type of statement in comparing our military aid with their total military expenditures.

3. DEVELOPMENT LOAN FUNDS

Under this heading all assistance for economic development will be concentrated into a loan fund on a self-liquidating basis. These will be additional loans on a long-term basis. The very fact of giving our loans under such condition seems to me to be an assurance of the fact that we are interested in the economic well-being of the recipient of such foreign aid. If we exercise an investor's right to check on an investment with the consent of the foreign countries then I feel that the programs for economic development in which we assist other countries to raise their own standard of living will certainly give worthwhile results. However, there is a feeling that such "loan funds" will affect the international transactions of the International Bank as well as the Export-Import Bank. The initial authorization for \$500 million cannot possibly affect the actions of those 2 banks, but can assist those countries who are unable to meet the conditions of loans from those 2 banks. The obligation to repay loans creates a stronger incentive toward positive results than the giving of nonrepayable aid. However, everything that can be said for a 3-year loan development fund applies equally to a 1-year fund. At the end of 1 year, if it is determined that the fund has been properly administered, a second year's fund of a similar sum can be voted by the Congress. I, therefore, favor a 1-year loan development fund in preference to a 3-year fund.

4. SPECIAL ASSISTANCE

Under the provisions of the Mutual Security Act, the President will be granted \$100,000,000 to be spent at his discretion for humanitarian, military, or political purposes. Under title 4 of this bill, an additional \$250,000,000 may be diverted from other authorized aid funds to meet emergency situations. Such a fund would enable us to act quickly in emergency situations and in the best interests of our own future security.

Although we are not in a position to specify in the current legislation the amount of aid any country is to receive nevertheless, I feel that some attention should be called to the situation presently existing in Israel.

Our aid program to Israel has helped that country to expand its industrial and agricultural output, and to meet the cost of resettling refugees who found a haven there. In the last few years, allocations were cut from a high of \$73 million in

1952 to \$25 million in 1956—as immigration tapered off and as the country strengthened its economy. There has been a sudden upsurge of immigration in the last few months, because Israel had to absorb 25,000 refugees from Egypt, an even larger number from Hungary and behind the Iron Curtain. It is estimated that the number of refugees who will arrive in Israel will total 100,000. Israel will face serious economic difficulties in order to absorb these newcomers. The cost will be lessened and the problems more easily solved if they are housed and settled and put to productive work as quickly as possible.

I feel that the administration should give sympathetic consideration to this problem, and that sufficient allocation for Israel in fiscal 1958 be made so that our aid will be commensurate with the urgency of Israel's demonstrated need. Such a recommendation would be consistent with the administration's policy of strengthening democratic regimes in the Middle East.

International communism is constantly probing to discover and exploit weak points within the free world. Therefore, we must be prepared to meet this challenge whenever the liberty of free people is jeopardized by our common enemy.

In conclusion, let me emphasize that this bill has been carefully considered by the committee. This is not the time to weaken or to abandon a program which has already strengthened the world economy, brightened the future for free people, and enhanced the security of democratic nations.

The United States has been heavily committed to the protection of the free world. We dare not go back on that commitment if we are to keep up the morale of those countries of the world who continue to resist the blandishments of the Communists.

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. DENTON].

Mr. DENTON. Mr. Chairman, I have always supported the foreign-aid program and I hope to be able to do so at this time, but there are some provisions in this present authorization bill which make it very difficult for me to do so.

I am a member of the Appropriations Subcommittee which deals with the appropriation for the agency which expends these sums, the International Cooperation Administration. Our task is somewhat different from that of the Foreign Affairs Committee. While the Foreign Affairs Committee deals with a question of policy and the advisability of foreign aid, our committee must determine, if the foreign-aid bill is passed, how much money should be appropriated for this purpose.

During the time I have been a member of this subcommittee, this agency has refused to justify its expenditures and advise our committee or the Congress for what it will expend the money. Instead of justifying its appropriation, as other agencies must do, it merely gives us illustrations.

For example, the ICA may testify in an "illustration" that it needs money to

build a dam on the Ganges River, but when it comes to the actual operation, it might use this money to build a dam on the Nile River instead of the Ganges.

This Congress is exercising very little control over the financial expenditures of this Agency. The General Accounting Office, the Government Operations Committee, and our committee, have all criticized this Agency because it has refused to justify its appropriation. Surely, we cannot all be wrong in this matter.

This year, instead of justifying its expenditures, the ICA comes up with this new approach of proposing economic development loans. This authorization bill provides that \$500 million be appropriated this year for such loans, and then this Agency, without any further act of Congress, would have the right to draw on the Treasury for loans of half a billion dollars the next year, and half a billion for the year after that. That means that Congress loses all control over appropriations for this purpose.

These are called loans, but even by supporters of them, it is admitted that they are "soft" loans. I cannot think of any better way to make a friend an enemy than by making him a "soft" loan.

If sound loans are desired to be made, the Export-Import Bank and the International Bank both have funds for such a purpose. But these loans are to be made to countries, most of them underdeveloped countries, who will have great difficulty in ever repaying the loans. The United States has had enough bad experience in the past with large loans to foreign countries.

Just one example: The loans we made during World War I were all repudiated except the loan made to Finland. And, not many weeks ago, we had to pass legislation extending the time for payment of interest on a recent loan to Great Britain.

Under these proposed loans, no payments are to be required for about 4 years, and in many cases the payment is to be accepted in the currency of foreign countries.

During the hearings before our committee, when Secretary of State Dulles was asked if there would not be difficulty in collecting these loans, and if such efforts would not cause much illwill, the Secretary replied that it would be a problem for some other Secretary of State—not him.

According to the figures I have, substantial sums are already being loaned for development projects under the existing foreign aid authorization law, although it is very difficult to establish the exact figures as to these loans. The agency very vaguely states it spent about \$400 million for development loans and grants, combined, during the 1957 fiscal year.

After much prodding, Mr. Hollister, the Director of this agency, finally presented us with a statement which was called secret and which illustrated proposed expenditures for development loans. In round numbers, it estimated that \$200 million could be spent on continuing projects—that is, on those for

which we have previously made contributions of some kind. There was another \$100 million of planned activities—and I use the word "planned" advisedly, because the plan would never justify an appropriation for domestic agency purposes.

This makes a total of approximately \$300 million which the administration has planned to spend on development loans in fiscal 1958. All the other projects the administration could think of where money could potentially or possibly be spent for this purpose, totaled about \$700 million, although no plans had been made for these expenditures.

Why could these development activities for which the loans are planned not be paid for with existing funds? There is now available the sum of more than \$1 billion in Public Law 480 funds from the sale of agricultural surpluses, and more will become available. There is also approximately \$1 billion available in counterpart funds. While these funds do not belong to the United States, the United States retains the veto power over the use of them by the countries which hold them and they could be used for this purpose.

The Export-Import Bank and the International Bank plan loan these foreign countries \$1,100,000,000 this year. This makes a total of \$3 billion available, for the \$300 million program of development loans which have been planned. Yet this administration is asking that a billion and a half more be appropriated for development loans. To appropriate so much loose money, without planned expenditures, can only lead to waste, and present a temptation for fraud and corruption, which will discredit the entire foreign-aid program.

We know now with our limited investigation and previous experience that money was wasted on building a dam in Iran and a fertilizer and powerplant in Korea. And we have only scratched the surface in finding situations like that.

To those of you who favor the foreign-aid program, I say that I sincerely hope you will, for the sake of the program, help eliminate this provision for development loans.

I might call to the attention of those of you who are opposed to the United States assisting the several States in building schools, that under this foreign-aid program, the United States will help build schools in Afghanistan, Honduras, Guatemala, and Costa Rica.

I might call to the attention of those of you who are opposed to public power projects here at home, and call them creeping socialism, that the United States is spreading the ideas you abhor to places all over the world, and that our Government has built public-power projects in 23 different countries.

In one country alone, there are 16 of these projects, and many more are planned from these proposed expenditures.

Another provision of the bill that I think is very unwise is that which will in the future place the appropriation for foreign military aid under the appropriation for the Department of Defense. The expenditures will not be made the

same as they are now, primarily under the direction of the State Department.

The money for this purpose will be appropriated to the President, not to the Defense Department. The ICA agency is now the administrator of both of these funds for economic aid and those for military aid. Foreign countries will continue to expend the funds for both civil and military purposes. Everything will be the same except the way the appropriation is handled. The purpose of this is obviously to hide from the public the expenditures made for foreign military aid, by putting them in the defense budget.

Likewise, the defense appropriation is very large, and the sums spent for military foreign aid is comparatively small, which will dwarf the size of this expenditure.

Amendments will be offered to correct these defects in the bill, I understand. I sincerely hope they will be adopted. It will improve the foreign-aid program to have some amendments to this bill. When the American people are asked to tighten their belts to permit these foreign-aid expenditures to be made, certainly the public is entitled to know what the Government is doing with its money.

Congress will be abrogating its constitutional duties if it gives up this power, and many Members are going to be extremely embarrassed if a scandal develops in the expenditure of this money, and Congress finds it has given up all control over the expenditures made by this agency.

I realize the good points of foreign aid, and as one who has always supported foreign aid in the past, I hope these objectionable features can be eliminated from the bill.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DENTON. I have not time; I am sorry.

Mr. FULTON. What loans were repudiated after World War I?

Mr. DENTON. We asked if there would not be a good deal of difficulty in trying to collect these proposed soft loans, when they come due, and the Secretary of State said: "Well, somebody else will be Secretary of State at that time."

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. DENTON. I yield to the gentleman from Minnesota.

Mr. JUDD. The gentleman spoke of the billion dollars they have in counterpart funds. Does the gentleman think they can buy anything from the United States with those funds in their own currencies? What they need is not just their own money; they need also commodities from abroad. Does the gentleman think they can buy commodities from the United States with that billion dollars in their own currency?

Mr. DENTON. Well, a great deal of this work on development projects will be done by labor in their own countries.

Mr. JUDD. That counterpart money should be used for such purposes, but they also have to have loans.

Mr. DENTON. It is not only a foreign exchange program, to relieve dollar shortage.

Mr. JUDD. No.

Mr. DENTON. Where they have \$300 million worth of development activity planned, you do not need an appropriation of a billion and a half to provide for it.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. JUDD. On the point of their ability to borrow money, let me emphasize it is not how much money they have in their own currency; it is how much of the commodities—machinery, raw materials, and so forth—they have to import from countries where their money is no good. These loans are not made to help their own currency. It is to enable them to get the things they cannot buy with their own currency.

Mr. DENTON. Why give ICA a billion and a half dollars of development loan authority when they have devised plans for not more than \$300 million? You want to give them a billion and a half as an authorized expenditure. Why give them that? No Government agency which operates programs within the borders of the United States could possibly get its appropriation approved, if it presented us the type of plan ICA does.

Mr. JUDD. Of course, the biggest criticism we have had of this program is the criticism of the illustrative program projects. Why have they had to come before us each year with only an illustrative program? Because they only had authority for only 1 year at a time. There is no way they could make any long-term plans.

Mr. DENTON. It started out as a "crash" program of foreign aid and they have never yet taken the pains to plan the program as any other agency would.

Mr. JUDD. How can they plan it?

Mr. DENTON. The Appropriations Committee wants to find out what they are going to do with the money. The General Accounting Office has gone into this and they have issued two reports condemning the way the agency has handled its budget. The Government Operations Committee has gone in and investigated ICA's operations and has also condemned the setup. We have condemned them. If you go on with this unreasonable amount of money—and I am in favor of foreign aid—it is bound to lead to discredit of the foreign-aid program. It is an invitation to do something that is going to discredit the whole program. When we try to straighten the program out, they come in with this development-loan proposal which takes all control away from the Congress, and which will not be a service to this program in the end.

Mr. JUDD. The bill does not take control of loans away from the Congress, for this reason. At present, they come along in May or June with an illustrative program. But under this new development loan fund, it will have to operate according to the Government Corporation Control Act. That

means the President has to submit not an illustrative program but a detailed program of projects approved as in accord with the purposes contained in the act, as he does for the domestic projects he submits. Your committee will have solid projects and budget requests on which to operate. It is to cure the very genuine difficulty of which you are speaking that the development loan fund is set up.

Mr. DENTON. Here is what you are doing on this. In order to discontinue development loans, it takes the action of both Houses. It takes the affirmative action of the House and the Senate.

Mr. JUDD. That is right.

Mr. DENTON. Unfortunately, we know that the other body generally gives this agency just about what they want. That means that the House of Representative is losing all the control of the appropriation for this purpose which it now has. And, I am saying this as a friend of foreign aid. I want to be for foreign aid.

Mr. JUDD. How do you propose to cure the difficulty?

Mr. DENTON. I would cure that and let them handle their expenditures for economic development just the same way our Army engineers, for example, do for expenditures in this country.

Mr. JUDD. But there is a world of difference.

Mr. DENTON. There is no reason in the world, if we are going to build a dam on the Ganges or some other river, that there should not be an engineering survey and advance plans made just the same as there are here in this country, and before ICA comes to Congress to ask for the money they should have an agreement with the host country as to just what it is going to do. It should be all thoroughly planned, and they should tell the Congress what they are going to do.

Mr. JUDD. How can they sign an agreement with a country to finance something that will take 4 years to construct if they have only a 1 year authorization and appropriation?

Mr. DENTON. What do the Army engineers do? They come in every year for a new appropriation. What do you do with the Army, Navy, and other agencies?

Mr. JUDD. But they have a continuing authorization for the project. Congress has authorized it by name. The engineers can count on continuing appropriations. Where the trouble comes with foreign projects is that there is no such authorization. I am as aware of the difficulty as the gentleman is, and I think the development loan fund is the best way to cure it.

Mr. GROSS. Now, since the gentleman from Minnesota has taken all the time, will the gentleman yield to me?

Mr. DENTON. I yield.

Mr. GROSS. Let me read you the words of the gentleman from Ohio [Mr. Vorys], found on page 94 of the hearings:

When you boil it all down, we have got either overprogramming or underperformance. Some way or other, after 10 years of expe-

rience, we ought to have firmer programs brought up here, and the ones that aren't firm yet should be delayed another year to bring up.

Mr. DENTON. Let me answer that. I want to congratulate the gentleman for bringing that up, and I am glad that the House Committee on Foreign Affairs agrees with us on that point, too. So, we have the General Accounting Office, we have the Government Operations Committee, we have the Appropriations Committee, and we have the Committee on Foreign Affairs saying that this agency ought to arrange its appropriations like everybody else. And, I am a friend of this program.

Mr. VORYS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, this spring we authorized an additional \$500 million loaning authority for the Small Business Administration. We laid down the criteria that must be met for the loans, but we did not provide that Congress is going to have to get an illustrative program on each of the loans or is going to have to authorize each of the loans. We know that if we have the criteria and the proper administration, we will then get these loans considered on their own merits under proper criteria, and that is what is provided for in the development loan fund.

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. HEMPHILL].

(Mr. HEMPHILL asked and was given permission to revise and extend his remarks.)

Mr. HEMPHILL. Mr. Chairman, I would like to pay my respects to the chairman of the committee for the courtesy extended me in yielding me this time. I hoped to have about 20 minutes because I think when a program as far reaching as this is put before the American people any man who has the privilege of representing any one of the districts of this country has an obligation to speak for his people.

I am opposed to any of the authorizations contained in this legislation. I propose instead, Mr. Chairman, that this House of the Congress, for once in the history of the foreign relations of this country, conduct what would be a complete nonpartisan bona fide investigation of the foreign affairs of this country before any more money is expended.

I think if we examine the record at this point we will find that contained in what is known as the pipeline, or contained in the committed authorizations there are sufficient billions of dollars which could carry this program over until the next Congress and give a committee of the House or a joint committee of House and Senate appointed for that purpose time to examine these programs.

Why do I say this? Because I am, like so many other of the American people, fed up. If the Reader's Digest can come out with an article entitled "Our Foreign Aid, a Bureaucratic Present Nightmare", if a man named Castle, a successful American businessman, can write in the American Legion magazine an article, "Are We Bleeding Ourselves White?" which gives rise certainly to criticism of

this foreign aid program, if we seek to justify foreign aid on such things as are written in this instrument of propaganda, which I want to talk about in just a minute, then it is time, Mr. Chairman, instead of wasting some more of the money which we admit has been wasted in the past, to take time out to examine the entire program, not particularly by this committee, if it does not wish it, but certainly by some committee of the Congress.

I hold in my hand what is known as the mutual security program for the fiscal year 1958. I am not familiar with Russian propaganda, but I am familiar with this as propaganda for this particular kind of legislation. And as I read this particular propaganda, I want to tell you just what justification the ICA has for this kind of legislation.

On page 17 it says, "The background for mutual security," and then follows: "If truly peaceful conditions prevailed throughout the world."

Mr. Chairman, ladies, and gentlemen, if there has ever been a time in history when truly peaceful conditions prevailed throughout the world, I do not know of it. So we are using here some platitude by way of argument over the fact that there are wars and rumors of wars, which have been present since history began, to justify this sort of wasteful program. Next, we find this:

If international agreement on disarmament had been reached and substantial progress toward disarmament had been made.

Back in the 1920's when they were engaged upon a disarmament program of another day, nobody found it necessary to go out and waste the billions that the American taxpayer was pouring into the Treasury for purposes such as we seek to authorize here. Let us go a step further. On this same page 17 I find these words:

If all nations lived and worked together harmoniously and fruitfully as do the United States and its immediate neighbors.

That, again, is just a platitude of wishful thinking. So I think it is time to examine; it is time to stop spending this money, because there are people back home, who think that they are being taxed too much—and I am one of them; there are people back home, who think this money is being wasted—and I am one of them; and there are people back home, who are distressed because taxes are too high, and I believe I fall in that particular category.

I was interested in hearing one of the speakers on this particular legislation state that he realized that there were certain discriminations and discrepancies that had been discovered. Then I read in the report a confession which said this:

The committee (that is, the Foreign Affairs Committee) has not attempted to reinvestigate or evaluate specific incidents or charges. Its primary concern has been to determine whether or not the administrative procedures and fiscal controls have been adequately modified to correct the deficiencies which have been reported.

Then, if these deficiencies existed, and if the Committee on Government Opera-

tions has not corrected them, and if the General Accounting Office has made no corrections, and if this committee has ordered no corrections, and if there is no record that the State Department has ordered any corrections, how do we know that the deficiencies which have previously existed have not only continued but been enlarged?

There is one other aspect of this matter I should like to discuss. I believe some of the justification for this program is that it is an indirect form of pump priming. We are trying to prime the pump with foreign aid because we think those governments will come back and make purchases which will support our economy.

Some would say, "What are you going to do if we stop this pump priming?" I am mindful of the fact that we need in this country a system of highways second to none, and that would prime the pump if that is the idea behind this legislation. There are other domestic programs equally as necessary. It is not necessary to give to those who are ungrateful, to say the least, and I call to mind Formosa. It caused my heart as much pain as yours. What is the justification? They say we have friends in Formosa and one or two other places, but I recall that the British have recently withdrawn some of their troops from NATO, or intend to.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to the gentleman from Pennsylvania.

Mr. FULTON. From the gentleman's basic position, then, it would seem that he feels the over 250 foreign-security bases the United States maintains abroad with ourselves and our allies are unnecessary because the gentleman has spoken of wars and rumors of wars but implied there is no danger now. Does that mean the gentleman would defend only the United States of America and this hemisphere and abandon those bases, or does it mean that the gentleman has no fear of Communist Russia or Red China?

Some of us were in the South Pacific, and we remember when Formosa was used as a staging area for the kamikaze planes. It may be that rather than having the island chain of the western Pacific broken, in spite of some civil disorders in Formosa, we might need that as a defense. What is the gentleman's basic position?

Mr. HEMPHILL. I am delighted the gentleman has asked me that question. I think I pointed out a while ago that there are monies in the pipeline which are sufficient to continue this program until we can examine it.

In the second place, the gentleman's very question points up something in my argument. If we have spent all this money for bases in foreign countries, if we have committed ourselves to these expenses, which have bolstered their economies and ours, too, and if we do not have friends there who are willing to wait a year until we can examine them, then our bases are not going to do us any good because in time of war they would desert us anyway.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to the gentleman from Ohio.

Mr. VORYS. We have had the most colossal set of reappraisals carried on by the House, the Senate, and the President during the past year in connection with this whole program. Apparently that reexamination does not satisfy the gentleman. But if we spent a year at it this time, how many years does the gentleman think it would take to re-examine it to his satisfaction?

Mr. HEMPHILL. My answer to the distinguished gentleman from Ohio is that I believe the American people are not satisfied. After all, I think our obligation is to the American people rather than to some committee here in Congress.

Let me at this time express my admiration for, and my appreciation to, those members of the House Committee on Foreign Affairs who had the discernment, and the courage, to file a minority report against this legislation. I have read the report in full, as carefully as I could, and I am alarmed at what this legislation apparently intends. Aside from continuing the waste which is so characteristic of our foreign-aid program, it seeks to deprive the Congress of the United States of authority of supervision over certain features of that waste program, so that the people's money can be thrown away, either by executive authority, or by decision of some bureaucratic hireling, who does not have to go back and face the people every 2 years and explain where the money went. This one feature alone, which seems to have been woven throughout this legislation, is sufficient, to my mind, to justify opposition to the entire legislation.

We do not need the sort of investigation conducted or controlled by the State Department, its luxury boys overseas, its protocol officers, or people of that nature. I mean a bona fide investigation, either by this committee, or preferably by a committee appointed by the Speaker, into all phases of this foreign-affairs program. We need Members of this Congress to go to Europe, to go into every country, to go into the highways and byways, and not in Cadillacs, accompanied by our own officials, but to get down to see what the people of the world are really thinking about us, and just how much they are laughing at us, and just how big a sucker they think we are. I have not the power to give this impetus, for I am new here, but I know the American people are crying for some relief from this program which is spending our money, burdening us with taxes, and making us the laughingstock of the world, and buying us enemies instead of friends. I ask you who are the leaders here in the Congress, Democrat and Republican, to insist on an investigation of this kind, and immediately.

Every time we have some foreign dignitary come into the Congress, I wonder if he came over to use his credit card. Of course, if we send him a bill, he knows

he does not have to pay, and every time one comes and leaves, I wonder how much he took home either in commitments, or promises, Cadillacs, or actual munitions. I think about the people back home who sent me here, who are having a hard time, as business is not good. The farmers are having a rough road again; our industries are shuddering in face of the dark clouds of foreign imports, building up to storm and flood our country with cheap goods, made by cheap labor, the incentive for which can be traced right back to our foreign-aid program. I think about my people all the time, because they sent me here, and sent you here, and we are the only representatives they have. The people want this waste stopped.

We have heard a lot of talk about minorities here in Congress. I wonder what the minorities in Yugoslavia think? I wonder what they think when a good old American made tank rolls through a village in Yugoslavia. Leering from the top of the tank are a murderer's minions, the soldiers of Tito. I wonder what the Serbs, the Croats, and other people must think about good old Uncle Sam, the great Christian Nation, giving to a dictator-murderer arms and ammunition. I wonder what they must think of freedom, if we, the people of freedom, align ourselves with tyrant or dictator or despot. We may not know of his ties with communism, or we may close our eyes, but those people, who want freedom, too, sleep with communism on their doorsteps, controlling their lives, causing them countless and sleepless nights.

I need not say anything about Formosa. I am as sick at heart, and stomach, about Formosa, as anybody else in this great Nation, or this Congress. Our money over there bought trouble again. Why does such things happen? Perhaps the Committee on Foreign Affairs knows. The American people do not know, and do not understand. It is their money you are spending, after all.

I wonder if you received, as I did, a little redish brown book called "A Summary Presentation" for the Mutual Security program for the fiscal year 1958. I characterize that presentation as the worst kind of propaganda. In part 2 of that epistle of propaganda we have what is designated as the background for mutual security. It starts off with a big "if."

It goes on to say that if truly peaceful conditions prevail throughout the world that we would not need defense budget of \$38 billion. I would like to call to mind to those propagandists that truly peaceful conditions have never prevailed throughout the world, and I see no prospect for such conditions as a result of our sending arms and munitions, guns and powder, and promising American blood, to every dictator and despot who will give us a condescending smile.

Now it goes on to say that if international agreement on disarmament had been reached and substantial progress toward disarmament had been made there would be no need for the large budget, from the defense and mutual security standpoint. If international agreement on disarmament had

ever been reached in the past, we would not have had war. But I want to ask you this? Could you believe Russia if she entered some agreement? I could not. As I know communism, it is based on lies, treachery, and murder. The present murderers in power did not get there by any peaceful means, had no peaceful intentions or ideas, and seek overthrow of the United States. You and I know that the Communist Party in this country is dedicated to overthrow our Government and our way of life. I would favor disarmament if I thought it would work. The only way disarmament would work, is for us to be powerful enough to enforce it, or others to be fearful that we will retaliate with more than in kind, if they start something.

If international agreement on the H-bomb, the A-bomb is to be reached, we must make certain that we are always in a position to be one jump ahead, and not just equal. I think that this could be effectively worked out, if we agreed that: if any restrictions were made on the testing, and further tests were conducted secretly, that we would use all our power to supersede entirely in the production of nuclear weapons.

Again it says if all nations lived and worked together as harmoniously and fruitful as do the United States and its immediate neighbors. I wish this was so. I think back on the Monroe Doctrine with a great deal of happiness. It was one of the most successful, diplomatic ventures of the United States. The Monroe Doctrine was not made on trying to buy friendship. It was made on mutual grounds and it has lasted. I think also, of the neglect of our Latin and South American friends, to give the countries who will take from us today, take from another tomorrow, and whose friendship is only a fleeting tarnished thing.

It appears then, that these people in the Department of State, and Department of Defense and what is known as the International Cooperation Administration, are wishful thinkers. I think this is part of our trouble. I think they are afraid to face realities, they do not want to reduce the force of the military, as that would not mean a reduction of power of certain people. They do not want to reduce the force of the State Department, especially overseas, as some of those lush jobs would have to be deleted, and some of those people would have to try to make an honest living.

Carrying on just a little more in this propaganda brief called Summary Presentation we are told that the mutual security program is in part responsible for United States activities to reduce the risk of war. I recall an article some time ago about being taken to the brink of war on many occasions. To me this is a very sad thing. To think that one man, in his sole judgment, could take the American people to the brink of war which would cost millions of lives, bloodshed, hardships, tears, and all the other distressing aftermath of war, to me is a departure from our concepts of American Constitution and Government.

There will always be threats to world peace. There will always be military, economic, political, and social threats. All will be dangerous, so propaganda does not tell us anything new, when it recites such as justification for the waste.

Now I know somebody is going to call me an isolationist. Custom in America today is to brand somebody if they oppose you. I just wish some of those who are going to do the branding of those of us who are trying to save this country from spending itself to destruction, had used their efforts to oppose some of this spurious legislation and some of this waste. Your and my dollar would be worth 85 to 90 cents instead of 49. Our taxes would be less, and our economy not geared to foreign spending.

I have more than a suspicion that foreign aid and defense spending is really "pump priming" under another name. Any time any big segment of industry opposes spending, they are met with whispered warnings about depressions that will curl your hair and what defense spending means to the economy of the United States. I must admit that defense spending means a great deal to the economy of the United States. I characterize those who let this happen as negligent in their duty to this country. In wartime defense spending on this sort of scale is necessary. In peacetime, it is up to the leaders of this country to readjust, by appropriate legislation, by signal leadership, by example, if necessary, the economy to peacetime conditions. This we have not done. We continue at a wartime rate. Those who want us to continue constantly threaten us with war. An emergency always exists. We have been in a State of emergency so long in this country, according to the State Department, that an emergency is a normal condition, rather than an extreme.

If they want to continue the "pump priming" under another name, why not go to the steel companies who are making the munitions to kill, and the concrete companies who are furnishing the concrete for foreign airfields, and tell them we are going into a domestic program of "pump priming." We can build magnificent highways, sufficient for our high-powered automobiles, and have transportation and communication throughout this entire country. We can develop a rural telephone system, second to none on this earth. We can set up loan funds so that our railroads, buslines, and airlines can improve their equipment, get loans from the Government, improve their facilities, and be ready for any eventuality in times of national defense. We can have a civilian defense program, in which we have uniforms, approved by the United States, in which each citizen has a part. We might even throw a little patriotism into this program, if the Congress would not object.

These are just a few of the things we could do with our money, instead of giving it to people who are ungrateful, or who, basically, are opposed to our way of life. I dare you to read this report and find in it any justification for this

spending. I have read it carefully, and I see a number of platitudes, particularly on page 4. The great claim of progress has been made. I quote:

Events of the past year have removed the major uncertainties that existed a year ago, as to the future direction and magnitude of the mutual security program.

It goes on, but it tells us nothing.

We are told in another part of the report how much money we have spent in NATO countries, and how much our allies have spent. I wish we had a first-hand, honest, concrete report of what the situation really is in NATO, how many divisions we actually have from our allies, where those divisions are, their effectiveness, and whether they could be depended upon. Britain is withdrawing some of her troops. France is sending her to fight colonial wars. Italy is not up to strength—if Italy could be a major factor in war in World War II, why can she not furnish many divisions for NATO? That is just part of the picture. I just speak as an American citizen, not as one of you learned Congressmen, because I admit I do not know the whole picture, but I know enough to know that this program smells to high heaven.

I notice on page 21 of the report on this bill that if a tyrant or dictator is friendly, he is called a moderate, but if he is unfriendly he is called an extremist or a despot. Of course, we want everyone in the world to be free, but we do not want to try to run their lives, or their country. Look what happened when we meddled in Suez. I do not know that we were on the brink of war when we went into Suez, although I think it was the brink of war, but we made one of the worst messes in modern diplomatic history. This is the same crowd that wants to spend the money to create new confusions, create new emergencies, and imagine new difficulties and new dangers, in order to milk the American taxpayer of his money.

We have heard much lately about a long-term aid plan. This is nothing but a bureaucratic design to keep overseas large organizations, to spend money, and to control vast sums for the benefit of a few, while telling the American people it is necessary for the continuation of their freedom. One of the reasons we are in the difficulties we are in today, and that expenses are so high, is because of appropriations which remain unspent year after year, but when the Department is asked about the appropriations, the committees of Congress and the Members of Congress are always told that the money is either committed or the money is in the pipeline. I am for plugging up the pipe, or diverting some of it back home where we need it, and I think we need a tax cut.

If we ever endorse long-term aid, the control of Congress would be pitched out of the window. Of course, there are many, especially in the executive branch of the Government who desire this. I hear there are some on the Supreme Court of the United States who have similar design.

Perhaps you go along with this bill. Perhaps you will vote to relinquish fur-

ther control of Congress. I am like a lot of people. I have had enough.

On page 33 of the summary presentation you will find a recommendation of the President of the United States, that the programs for mutual-defense systems be authorized on a continuing basis. The justification is quoted from the President as follows:

To remove uncertainty as to the character and purpose of our aid.

He then talks about separation of defense and economic aid, but desires that it all be put under the Defense Department so it can be submerged, hidden, and accountability to the American people circumvented. After spending the billions of dollars we have been spending, if there is any uncertainty as to the character and purpose of our aid, then we must admit, on looking over our shoulder, the colossal failure over the past few years. Of course there are always those who drumbeat the accomplishments of the State Department, or the other bureaucracies of the Government, but the proof of the pudding is in the eating, and all their propaganda is insufficient in the face of such outbreaks as those in Formosa, which is just one example.

The development loan fund is but another way, or another method, to justify foreign spending. Each time the American public becomes a little fed up with the existing program, a new program, with all the basic waste inherently embedded, is thought up, and sent out with a new name, new title, but usually the same old mouths at the tit. And one of the ideas is to develop a confusing number of programs, spread all over the world, difficult to investigate, even more difficult to control, then make them as independent to the Congress as they can. This, I consider a direct affront to the American people, their intelligence, and their honesty of purpose in giving their tax money to help others.

I just wonder if the Suez crisis were really investigated, and the wraps really taken off, if we would find a little oil mixed in, not exactly a teapot dome, but just as rotten underneath. This is the sort of thing I ask this committee, or this Congress to really find out about, to let the American people know the truth.

Lend-lease established a precedent. It quickly got out of control, and the world learned to come to America for handout, instead of a loan. We read of handouts, but we never hear of anything in return. We never hear of the guaranties for peace, or freedom, or religious freedom, or for economic development, coming from those despots to whom we give the money. There is no public statement from Tito, or any others, because of American benevolence, that the country of Yugoslavia will benefit, the standard of living will be raised, we will have community of feeling with the West, or Christian ideas will be developed at her hands, or anything of that nature. In fact, I do not believe I have heard a genuine "thank you" from the recipients of our bounty.

Not long ago this Congress approved legislation extending the terms of the

British loan. We had on hand some moneys in escrow. We turned back this money in escrow, at the same time that the British were reducing their own income taxes. Then the administration issued a statement to the American people that because the costs of government we did not have a chance reducing income taxes this year. Whose taxes are we paying anyway? Whose prosperity are we most interested in, and whose tax burden? Ours, or some ingrate a thousand, or 2,000 or 3,000 miles across the water?

Those who accuse of of dollar diplomacy and dollar imperialism have just cause for so characterizing us. Suppose just for one minute, we sent missionaries of the Christian faith, and backed them up with money to give economic aid and assistance and medical aid and assistance—what do you think would happen? I do not propose to merge church and state, but I am mindful of the great work the missionaries can do and how much more good this would do in sending out these boys to give away our money. How much more good would be done.

Let me quote further from the American Legion magazine:

A Citizens Committee on Foreign Assistance Program, appointed by President Eisenhower and headed by Benjamin Fairless, recently arrived in Tokyo after a tour of 18 nations. On reaching Tokyo, Mr. Fairless declared that the Committee would hand President Eisenhower a glowing report on United States military and economic accomplishments abroad.

The New York Times report on the interview with Mr. Fairless included the following:

Asked about possible waste in the aid programs, he said the committee had not had time to look into this aspect in its 2 or 3 days in each country.

This is the sort of thing the American people are faced with. That is the reason I said earlier in my remarks that we should have a real investigation. I am reminded of the fact that this same Ben Fairless, president of the United States Steel, which recently gave the inflationary spiral a damning boost, by raising steel prices, and at a time when the administration was calling for a restriction in any consideration of the Federal wage earner.

We have given away over \$60 billion. What have we bought?

Now, despite all this foreign spending, we find ourselves in a position in which we have no concrete, stable, foreign policy. We base most of our military aid on such arguments as the argument that the cost of maintaining a Korean or free Chinese soldier is far less than maintaining an American soldier. We fail, however, to make a concrete and honest analysis of the capabilities of that soldier, who is supposedly maintained at lesser costs.

There is no guaranty, either in the past or present negotiations, statements, or agreements, that if we continue to support Korea, that Korea will ever be self-sustaining, or of any material value as an ally.

Most of the criticism of American businessmen overseas, seems to have been criticism of faulty planning, programing, and administration.

Ask yourself if Japan is prosperous. Then ask the people from New England what has happened to their industries. Is this the pattern? Shall we continue policies designed, dedicated to a surrender of American rights and ideas to an international organization, or international control? Which is most important—that which is good for the United States or that which is good for some foreign country?

Is India neutral? If she is not on our side, has she any right to our money? What are we buying with our money sent to India, if anything? In an article in the Nations Business of May 1957, appeared a suggestion as follows:

Instead of deciding upon the dollar volume of foreign aid and then trying to get as many good people as possible to demand the post need to administer that size program, it might be better first to ascertain the number of qualified people available and to adjust the aid programs accordingly.

This, the above statement, seems to me to be an indictment of the manner in which our foreign aid has been handled, and is being handled. It is apparent that we are giving away money without the necessary planning, thought, experience and skill that should precede continued spending.

Again from that article, "There is too much emphasis upon how much and how quickly and far too little upon the how and the why."

Then, my friends, why not stop, survey the situation, see how the world gets along without foreign aid for 1 year, see how everything works without mutual security. Are we afraid to try that? In the light of past failures, do not the American people deserve from us a trial of that nature?

In the Standard Times, New Bedford, Mass., June 18, there appeared an editorial and I quote that editorial:

WHITE HOUSE PRESSURE

Against the overwhelming sentiment of the people and against the judgment of a majority of the United States Senators, the Senate passed Friday the foreign-aid appropriation, virtually as the President had asked it.

A scare drive by the President by TV and radio, in which the President threatened the people with war, should the aid bill be curtailed—plus a robot type of followup testimony before Senate committees by Dulles—set up the pattern for coercing the Congress and thwarting the sentiments of the people, who must foot the bill.

An incident of concern to followers of Robert A. Taft was the fact that I. Jack Martin, former executive assistant of the late Senator Taft and for some time now a member of the White House staff, kept the pavements hot in Washington between the White House and the Senate. His assignment was to pressure the Senators to relent in their determination to cut the fruitless orgy of White House foreign-aid spending.

The joint drive worked. The American people will continue to pay and pay in taxes, but not willingly or with their consent. They were scared by the White House and Dulles war threats, but they are not convinced and they will show their disappointment and skepticism in their voting in November 1958.

Never, since the days of the fabled Atlas,

has one man or country tried to carry the whole world on its shoulders, as United States leaders are forcing the American people to do.

The worst thing about the whole hoax is that it does not work. The recent riots against the United States in Formosa, in Japan, and elsewhere show no indications we are winning friends by trying to buy them with American dollars.

In England, where we have given and loaned billions, we have few friends. An authority in England recently said most of this aid money had been used to socialize British industry and government. What little goodwill we may have gained was lost when we refused to support England and France in the Suez by joining with Russia in opposing them.

England now goes it alone, so far as the United States is concerned, in trade with China and otherwise. Other countries of West Europe are to follow. NATO is creaking and threatens to crack. Stassen, the most asinine of the White House staff, has goofed again in his disarmament chore.

We are the most liberal—and the clumsiest—Nation in the world in diplomacy.

In the article previously referred to, Mr. Castle says our only remedy for crisis is money. I quote from his article, and if these facts are not true, I ask that some member of the committee, or some Member of the Congress, correct facts by record or appropriate comment:

Indeed, the Russians have us over a barrel. Our present foreign policy is based on foreign aid. We meet crisis with only one remedy, money. Knowing this, the Red rulers can drain off our resources by the simple procedure of stirring up trouble in one place after another. From past experiences they know that our handouts will do the Soviet Union little harm. As proof, consider just a few of the things that have been done so far in the name of foreign aid.

We gave more than a billion dollars to the shaky Government of Indochina before that country capitulated to the Reds. We gave Norway \$300 million which was promptly applied to the reduction of Norway's internal debt. We gave Denmark \$100 million which the Danes used in the same way. We are providing free airplane excursions for thousands of Arabs visiting their religious shrine at Mecca. We are paying all living expenses and tuition costs for the sons of hundreds of wealthy Persians attending American universities. In Portugal we have paid for a 6-lane highway 15 miles long connecting Lisbon with the gambling resort of Estoril. Our tax dollars have provided dress suits for Grecian undertakers, public baths for Egyptian camel drivers, and even iceboxes for Eskimos.

Only \$5 billion, the cost of 1 year's foreign aid, would give an extra hundred dollars a year to every parent for every child in this country, and still leave a billion dollars over. It would set up a fund which would give \$50 a week to every person over 65. It would build enough schools and hospitals and provide enough money for scientific research to win the war on the worst diseases ravaging mankind. Or it would make possible a tax cut which would mean real money to tens of millions of people in the moderate-income bracket.

No, my friends, it is not a question of whether one is an isolationist, or not. It is time to stop, look, and listen. It is time for a full-scale, nonpartisan, unbrainwashed investigation of our entire foreign policy, foreign spending, and foreign commitments. The American people are entitled to it. I believe that if

we would oppose this legislation and postpone for 1 year, or until the Congress comes back in January, any further authorization, that we would have time to really evaluate this foreign spending program, or any mutual security spending. At the end of that time, we could appropriate such sums as may be really necessary, trimming the fat, eliminating the waste, and having in mind a definite purpose, a definite policy, and a program for the good of these United States.

One of the purposes of my opposition is to call upon the Congress, and the administration, to examine the setup before we waste more millions or billions of dollars.

My other purpose is to sound my voice, and that of my people, against continued waste.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, I did not ask for any time at this time. I will, probably, at another time. I do not need it now. There is not a quorum present.

Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] A quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 145]

Anderson, Mont.	Fisher	Mumma
Arends	Flood	Norblad
Bailey	Flynt	O'Konski
Baker	Grant	Powell
Barrett	Gubser	Prouty
Bates	Halleck	Radwan
Beamer	Haskell	Rutherford
Berry	Hays, Ohio	Santangelo
Bowler	Healey	Scott, Pa.
Breeding	Hillings	Steminski
Brooks, La.	Holt	Sikes
Celler	Holtzman	Simpson, Pa.
Christopher	James	Steed
Chudoff	Kilburn	Taber
Clevenger	Kluczynski	Teller
Corbett	McConnell	Thornberry
Coudert	Machrowicz	Udall
Dawson, Ill.	Mason	Vinson
Eberharter	May	Wharton
	Miller, N. Y.	Zelenko

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 2130, and finding itself without a quorum, he had directed the roll to be called, when 361 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair understands the gentleman from Ohio [Mr. VORYS] has yielded 5 minutes to the gentleman from Michigan [Mr. HOFFMAN]; is that correct?

Mr. VORYS. That is correct.

The CHAIRMAN. The gentleman from Michigan [Mr. HOFFMAN] is recognized for 5 minutes.

Mr. VORYS. Apparently the gentleman does not care to use the time at this time.

Mr. CARNAHAN. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, it is not difficult to constructively criticize a large-scale operation such as is involved in the mutual security program. There are instances of overprogramming, inefficient staffing, delivery lags, and mistakes in planning and judgment. Some projects have not only failed to add to the strength of our friends but may have even weakened them.

But in criticizing the mutual security program, we should not overlook its accomplishments. If we give this program an impartial analysis, we find that it has resulted in at least three approaches to the maintenance of peace. First, the United States, together with our allies, has built up a power of deterrence against the obvious imperialistic ambitions of the Soviet Union. This is best exemplified in the evolution of the North Atlantic Treaty Organization. Since 1951, when NATO was created, its divisional strength has increased substantially. Today we have thousands of modern aircraft, available for the defense of Western Europe. We have several times the naval effectiveness in that area that we had in 1951. NATO forces are now equipped with modern weapons and are being trained to function as an effective, unified, and up-to-date fighting force. As a result of the NATO infrastructure program, we have well over 150 airfields available for use today. These are tied together by a modern system of communications and are supplied by a pipeline system for the distribution of jet fuel.

This NATO defense structure has been built at a large cost to the American taxpayer. Yet, the NATO countries themselves have devoted considerable sums and great efforts to creating this defensive capability. In 1950, for example, the defense budgets of the European members of NATO totaled a little over \$6 billion. This year their expenditures for this purpose are estimated at \$14.5 billion.

These funds have been spent because we and the other NATO nations recognize that the problem of the defense of the West will be solved together and in common or it will not be solved at all. In effect, we have been and are still gambling American dollars in Europe, as well as in other parts of the world, in an effort to save American lives.

A second result of the mutual-security program is the increased strength that countries have achieved to meet threats of internal subversion. The economic rehabilitation of Europe undoubtedly stopped the advance of indigenous Communist forces in a number of those countries. In Iran our aid was a decisive factor in checking elements which, if not Communist themselves, were used by the Communists in an attempt to seize control of that Government. Close by our own borders in Guatemala a Communist-dominated regime was overturned and, as a result of the economic support we have given to that nation, a democratic government is today functioning effectively.

Third, and finally, our assistance has encouraged countries either to achieve

a degree of independence from Soviet control or to maintain their independence in spite of strong Communist pressures. South Korea, for example, has been kept in the camp of the free world, and today a portion of Vietnam still remains out of Communist hands as a result of the help we have given.

It is obvious then that the mutual-security program is not all black or white, not all pluses or minuses. It is necessary to balance the failures against the successes in order to arrive at a reasonable assessment of the program's worth. Using that test, Congress has reached the conclusion each year that the program is in our national interest and has continued it.

If communism were strictly a form of political organization practiced within the confines of the Russian nation, it would offer much less of a threat to the rest of the world. We have lived with forms of government and of societies that we have found repugnant to us. But the grim fact is that communism transcends national boundaries. Its basic philosophy looks to the ultimate conquest of the world, and no leader of the Soviet Union past or present has renounced that objective. Consider the attrition of the non-Communist world. In 1939 the Soviet Union had a population of 170 million people living in a territory of slightly more than 8 million square miles. At the end of World War II, when we dismantled our great Armed Forces and returned to civilian life millions of our fighting men, the Soviet Union not only maintained its military strength but began its spread across Western Europe. As a result, by 1949 it had added about 30 million people and a half million square miles. Parts of Finland, Poland, Rumania, Czechoslovakia, and all of the Baltic States had been added, plus smaller gains in the Far East.

Even more significant, however, were the areas that were to fall to Soviet domination, although not incorporated in the Soviet Union. In Europe, East Germany is still occupied by Soviet forces. A rim of Soviet satellites extends from the Mediterranean and the Black Sea to the Baltic Sea. In the Far East, China, Mongolia, North Korea, Tibet, and North Vietnam have fallen to the Communists. Thus today Communist domination extends over almost 14 million square miles of the world and controls the destinies of more than 800 million people.

Experts may disagree on the significance of the changes that have taken place in recent weeks in the Soviet Union. I must call attention to the fact that for the first time since the Russian Revolution in 1917, a leading military figure, Marshal Zhukov, has been made a member of the Presidium, the ruling body of the Soviet Union. I can only interpret his presence on that important body as indicative of the role the Soviet military will play, at least in the next few years, in Soviet foreign policy. Past experience and present trends are compelling reasons for our continued efforts to consolidate the strength of the free world.

In its quest for peace the United States gains two important contributions from the military assistance portion of the mutual security program. The first is manpower. Our committee was advised during the hearings that it costs the United States about \$6,600 to have an American soldier overseas without a gun in his hand. The military-assistance program makes it possible to have an allied soldier trained, equipped, and on the spot at an average cost of about \$700.

The second advantage that we receive through this program is the worldwide ring of bases we control or to which we have access. At the present time there are more than 250 bases outside the continental United States which provide obvious military advantages to us. During our committee hearings last fall on the foreign-aid program, we were informed that the United States base system is equivalent, if the position were reversed, to the Soviet's possessing a system of advanced bases which would enable that country to launch simultaneous attacks on the United States from Greenland, Newfoundland, Bermuda, Jamaica, the Yucatan Peninsula, Costa Rica, Lower California, and the Aleutian Islands.

Since many of these bases are located in the territories of sovereign countries, their availability to us is dependent upon mutual defense arrangements we have with those countries. The Soviets know this. If they can succeed by diplomacy or propaganda in undermining these arrangements, they will have weakened our entire defense structure.

It is understandable and certainly to be expected that a program as novel, as costly, and as global as the mutual security program, should be the subject of scrutiny by many and attack by some. Since 1948, more than 30 studies by individuals and by groups in the Government and outside the Government have been made. Countless articles and books have been written about it. On numerous occasions the Committee on Foreign Affairs has sent individuals abroad to make independent assessments of the program's operations. Yet none of these studies has recommended that the mutual security program be discontinued. Many of them have been critical of particular aspects of it or have commented upon less productive projects, but the underlying concept of a mutual effort to achieve peace and security has received the endorsement of each of them.

Constructive criticisms of the program are certainly in order. During our lengthy hearings on this bill the Committee on Foreign Affairs heard critics as well as advocates of the program. Included in our hearings are charges made against the program along with comments on these charges made by responsible officials who administer the program.

Members of Congress and officials of the General Accounting Office criticized particular portions of the mutual security program. Their views were most helpful in bringing out deficiencies that merit the closest attention of administrative officials. But charges against the program must always be examined in light of what the program is attempting

to do in a particular place at a particular time. Taken out of the context of our foreign policy objective, they are sometimes disproportionately magnified. We need more than an accountant's balance sheet to interpret foreign policy.

The bill before us represents an improvement in the administration of the program. Since I have been a member of the Committee on Foreign Affairs, I have urged that the military funds authorized in this bill be made a part of the Department of Defense budget. We have been told repeatedly—and I believe it is correct—that the military aid provided under this program is an integral part of our own defense. Admiral Radford expressed his views to us on several occasions. In 1955 he stated:

The military aid program is part and parcel of the United States Defense Department program. The expenditures abroad in support of our alliances do not differ in purpose, scope, or objective from our own military expenditures. The fact that this part of our program is not included in the Defense Department budget is more a matter of procedure and administration than of substance (hearings, 1955, p. 239).

Again in 1956 Admiral Radford testified the mutual security program "is an essential part of the defense of the United States and of the free world. In planning military programs of the United States the existence and scope of the military assistance program is fully considered. There is no duplication. They supplement each other. Both are essential to our own national defense"—hearings, 1956, page 333.

This year he pointed up the relation of the military strength of our allies to our own defense in these words:

The military capabilities and contributions of each of our allies are carefully considered by the Joint Chiefs of Staff in developing our war plans and in appraising the specific United States force levels required to execute those plans. There is no doubt that these force levels of the United States would have to be expanded at greatly increased costs were it not for the free world forces supported by the military assistance program. In fact, our entire military program and present strategic concepts would have to be radically revised (hearings, 1957, p. 732).

Much of our strategy hinges upon the continued availability of military bases in places where we may have to defend against aggression. In some cases, we establish and operate them with United States forces; in others, we provide military assistance to nations which maintain bases of potential value to the Allied defense effort. Where possible, these bases are protected by indigenous military forces. The Joint Chiefs of Staff consider that an adequate overseas base system is essential to the successful prosecution of free world military strategy. Here, then, is a definite link between our prospects of victory if war is forced upon us and the military assistance program (hearings, 1957, p. 734).

By proposing a continuing authorization for military assistance, the executive branch submitted a bill this year that complied with the committee's insistence to link the military portion of this program with our own defense budget. The adoption of the administration's proposal, however, would have removed the military part of the program from policy guidance and control

by the authorizing committees, except on such occasions as changes in language might be needed.

Since the Department of Defense budget is invariably presented well in advance of the mutual security program, the problem was how to provide an authorization for the latter that would combine it with the defense budget and, at the same time, permit a review by the authorizing committee. The Senate attempted to achieve this goal by substituting a 2-year authorization with specific sums for each of the years. Yet, this approach was not entirely practical as a specific authorization for fiscal year 1959 had no basis for justification.

It was my privilege to propose the amendment that the committee adopted which resolves this problem. Our report describes the solution succinctly.

The technique adopted was to make a specific dollar authorization for this year, since the funds obviously cannot be placed in the Department of Defense budget for fiscal year 1958, and to grant an unlimited authorization for fiscal year 1959. It is contemplated that next year the military assistance funds will be placed in the Department of Defense budget and that the Committees on Foreign Affairs and Foreign Relations will review the proposed program for that year. If the proposed programs appear to be unreasonable or if there appears to have been laxity in the management of the program, the committee can then insert a dollar limitation for fiscal year 1960 or refuse to authorize for fiscal year 1960 thereby compelling the executive branch to return to the authorizing committees for policy guidance for that fiscal year. Under this system, the executive branch is enabled to place the military assistance funds request in the Department of Defense budget, but at the same time the committees exercise a firm residual authority to refuse to authorize the program or to place dollar limitations on the authorization and to make corrections should laxity, mismanagement, or waste be evident.

For fiscal year 1958 the executive requested \$1.9 billion of new money for military assistance. This amount, coupled with the \$500 million in carryover funds from the 1957 appropriation, will make available a total of \$2.4 billion for that part of the program.

Last year, you will recall, the budget request included a total of \$2.9 billion for military assistance. A motion I offered made it possible for the committee and the House of Representatives to cut that amount by \$1 billion. Even though that authorization figure was adjusted upward in conference, the final appropriation was close to the House authorization figure. This reduction was obviously wise for the executive advised us this year that it was able to get along on the sum appropriated and still report a savings of \$500 million.

As I analyzed the justification for this year's authorization, I was impressed by the size of the military pipeline, the growing role of new weapons in our defense strategy, and the generally improved economic conditions in a number of countries. Although the Senate had reduced the \$1.9 billion to \$1.8 billion, I felt a further reduction of \$300 million was warranted and offered an amendment accordingly. The committee adopted my amendment reducing military assistance funds to \$1.5 billion,

and I hope that the House of Representatives will approve the committee's action.

In the case of defense support, the Senate version provided specific authorization for fiscal years 1958 and 1959. Neither the executive nor the committee knows what the 1959 requirements will be. I supported the amendments offered in the committee to limit defense support authorizations to 1 year and to reduce the sum from the executive request of \$900 million to \$700 million. This program has shown a tendency to cover a variety of economic activities that, in many cases, had only a remote connection with the military effort of our allies. To correct this situation, an amendment in the present bill narrows the scope of defense support by adding a single word to the definition. That word is specifically. Henceforth, economic assistance to countries to whom we are giving military aid must be related specifically, and I underscore the word, to their military establishments. A single year's authorization assures congressional scrutiny in the administration of the program.

Perhaps the most fundamental change in the bill is that contained in title II. The new language in this section repeals the old program of development assistance and substitutes for it the development loan fund. I endorse this basic change in philosophy that puts all development funds on a loan rather than a grant basis. My major concern, however, is what I regard as the over-capitalization of the proposed fund and the surrender of congressional control over it. Several of my colleagues on the committee share my concern, and we have presented our views in a supplemental statement that appears on pages 98 and 99 of the report accompanying the bill.

The basis for our position arises from the inevitably slow pace at which economic development proceeds in the underdeveloped countries. From previously appropriated funds for development assistance—and that was on a grant as well as a loan basis—there still remains unexpended more than \$317 million. Similarly, the Asian economic development fund for which \$100 million was voted in 1955, has an unobligated balance of \$87 million. The simple moral of these figures is that it is not possible to commit quickly and, at the same time reasonably and wisely, the amounts which the Executive is requesting in this bill.

At the proper time I plan to offer an amendment that retains the 1958 authorization of \$500 million but eliminates the authorizations for fiscal years 1958 and 1960. The adoption of this amendment will give the development loan fund a trial period of 1 year as well as the entire amount the administration has requested to initiate the program. If the amendment is adopted, both the Congress and the executive will be able to make a more intelligent appraisal of the fund's operations during the 1-year trial period. They will then be able to determine more accurately what its capital requirements should be. Should the amendment fail, however, funds will be available for the program until 1960 without further con-

gressional authorization or appropriation.

I want to comment on one additional section that deals with the President's special fund for which the executive branch has asked \$300 million. The Senate reduced this fund to \$250 million, but our committee has recommended \$275 million. The purpose of this fund is to take care of the many unforeseen contingencies that arise in the program. This is not an unreasonable approach. Last year, for example, events in Hungary led to a heavy exodus of Hungarians to neighboring countries. The availability of the special fund made it possible for our Government to give these refugees assistance. Doubtlessly there will be other situations that must be financed from a special fund. But I note that of the \$100 million voted last year, and despite the heavy demands made upon it, the executive estimates that \$3 million will be unobligated at the end of the present fiscal year. In my opinion, \$200 million will be ample to meet any unexpected emergencies, and I feel that a reduction to this amount can be safely made. I offered an amendment to that effect in the committee and expect to offer the same amendment at the proper time during consideration of the mutual security bill.

Mr. Chairman, I do not want my pointed observations on particular parts of this bill to be construed as general hostility to the entire program and its objectives. While I have attempted to carry out my duty as a Member of the House of Representatives and the Committee on Foreign Affairs to examine this measure carefully and to use my best judgment in an effort to improve it, I am convinced that it would not be in our national interest to discontinue or seriously cripple the mutual security program at the present time.

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield?

Mr. SELDEN. I yield to the gentleman from Florida.

Mr. MATTHEWS. I want to congratulate the gentleman on the excellent statement he has made. I am intrigued particularly with the amendment he proposes, which as I understand will give Congress a little more control over this development program. Is my understanding correct?

Mr. SELDEN. That is correct. The administration will have to come back to the committee next year and justify the program. If my amendment is not adopted, then we will be giving them an authorization for a 3-year period.

Mr. MATTHEWS. I want to congratulate the gentleman again on his fine statement.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. JUDD].

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. DAVIS].

[Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.]

Mr. DAVIS of Georgia. Mr. Chairman, I thank the gentleman from Missouri for yielding me this time. I rise to state that I cannot support this bill in its present form and with its present provisions. During the 11 years that I have served as a Member of this body I have seen this Congress little by little abdicate its responsibilities. I have seen Congress step by step move toward the status of a rubber stamp. This bill, as it is presently before us, in my judgment is another long step toward that objective. I expect to support the amendment, which I understand is to be offered by the gentleman from Georgia [Mr. PILCHER] which would eliminate that portion of this bill known as the development loan fund, the adoption of which amendment would, I think, make the bill much more palatable. There is another feature of this bill which I think should be eliminated, and that is the special assistance fund. These provisions take away from the Congress the very important responsibility which it has possessed throughout the years of holding the purse strings of the Nation, which is one of the most efficient means within the power of the Congress to protect the taxpayers. Another thing is that I think this bill calls for much too much money for foreign aid. I think it should be reduced very substantially. Unless it is reduced very substantially, I shall not support it this year.

In 1916, a year before this country entered World War I our national debt stood at a little over \$1 billion, a per capita debt of about \$12. Today, as you know, the Federal debt stands at \$272½ billion, and a per capita debt of about \$1,600. It is true that we fought three costly wars since 1917. We are still paying for World War I. Breaking down this figure of \$272½ billion, I find that some \$60 billion of it is attributable to various forms of what we have come to call euphemistically "foreign aid." Others use the more realistic term "give-away."

Senate 2130, amending the Mutual Security Act of 1954, calls for a total outlay of \$3,242,330,000 for the fiscal year 1958. Much has been made of the fact that this figure represents a reduction of \$375 million from the authorization in the original Senate bill and that it is \$622 million less than the President's requested budget. While I am glad to see the reduction, I am not so much concerned today with figures and alleged trimming and reductions as I am with what I consider basic principles and underlying fallacies. This is the 10th year that Congress has wrestled with a staggering foreign-aid appropriation. We were assured years ago that the whole foreign-aid question was a temporary and emergency one and would be stopped in a few years.

The Foreign Affairs Committee in its report states that:

The mutual security program is essential to the national interest and security of the United States and should be continued (p. 3).

The report does not state how long it is to be continued—just continued—period. Further on we are told:

Events clearly indicate that we must continue to provide military assistance to our allies and that we must expand and improve our programs of assistance to underdeveloped countries (p. 4).

Again the word "continue" but this time another verb without limit is added—"expand." Expand to what extent and for how long?

In 1955, Congress ordered the liquidation of the Foreign Operations Agency, which then was the official dispenser of American largess all over the globe. It was said that military aid in the future would be handled by the Department of Defense. Economic aid, which was to be tapered off and eventually ended, would be handled by a new agency, the International Cooperation Administration. Those of us concerned with reducing taxes and the national debt hoped that unlimited spending on foreign aid was just about over. Indeed, Senator George had declared as far back as July 1953, "As far as I am concerned, mutual security is going into its last fiscal year this morning." We were too optimistic.

I hope Members of the House have read the minority report in House Report No. 776. I urge those who have not done so to read it before voting on this bill. It can be read in 15 or 20 minutes. The minority of six members of the Committee on Foreign Affairs warns Congress that the bill in its present form surrenders still further congressional control of the expenditure of some three and a quarter billion dollars. Vote this bill without protective amendments and you will in effect hand a well-entrenched spending bureaucracy a blank check to squander taxpayers' hard-earned money all over the world in any manner that professionally trained spenders see fit.

The minority report also exposes, I am glad to note, the fiction that the recently conceived development loan fund was in any sense of the word a bona fide lending plan based on ordinary banking and loan principles. Despite its misleading name this new device is the same giveaway program masquerading under a new title. As you probably know the catch in this new development loan fund is the so-called soft loan policy so thoroughly exposed and deflated by Mr. Samuel Waugh, president and chairman of the board of the Import and Export Bank, when he testified before the Foreign Affairs Committee.

The minority report states:

The borrowing authority of the President contained in the development loan fund section of S. 2130, regardless of any argument to the contrary, will actually amount to an increase in our national debt (p. 107).

The minority concluded by stating:

We are seriously disturbed about the undue relaxation of congressional control over the program and about the authorization of additional billions when a clear need for such additional authorization has not been demonstrated and when sufficiently clear plans for their use have not been presented. After the expenditure of more than \$57 billion for foreign aid programs since 1945, an additional authorization of \$3.2 billion should be made only after careful and painstaking study. * * * Speaking for the mil-

lions of Americans who are rebelling against waste, extravagance, and poor planning in the expenditure of their hard-earned dollars, we can only warn once more against undertaking new programs without weighing the necessity for such a course and without thinking through their consequence (p. 107).

I want to register my full agreement with this and my deep concern over and opposition to the pouring of still more billions of tax money down the bottomless pit of foreign aid without end. And, I also want to say that I am tired of the repeated wolf cry of "endangering the national security." If we merely touch the nerve end of any bureaucratic spending scheme, instantly we get the anguished cry of "gravely jeopardizing our national security."

Our national security is being gravely jeopardized but not by congressional economy or restrictions on endless giveaways programs. Americans are rapidly becoming aware of the fact that a Supreme Court which systematically tears down and destroys every safeguard and protection against subversion in this country is a far greater menace to our national security and survival than armed Communist forces lurking in the jungles of Malaya or Vietnam.

And to spend literally billions "selling the American way of life" and "telling the truth about America" to Persians, Hindus, Indonesians, Senegambians, and Zulus in order to "stop communism" while our own Supreme Court blows up the dikes and levees which Congress and the executive arm have laboriously built up over the years against our native Communists, is utterly futile and useless.

As well-reasoned and sound as the minority report is, it to some extent misses the vast underlying quicksand of fallacy in this whole foreign aid concept. This is the dangerously deceptive but insidiously plausible theory that advancing world communism can be halted or at least temporarily inconvenienced by purely economic and hence materialistic means.

Our foreign aid program, no matter how many times its name may be changed, is based on the major premise that communism advances fastest and can succeed only in economically backward or depressed countries. Of, putting it in another way, "poverty stricken and underdeveloped areas provide the natural breeding spots for communism." We have heard this theme and variations of it in hundreds of speeches by well-intentioned, but, I think, badly misinformed national leaders and world "authorities" on everything.

If this major premise is granted or uncritically swallowed, then it follows logically that drying up such breeding spots by lifting their economies is the only effective answer to communism. I think this is the basic and tragic fallacy of our time. It explains why we continue to lose the cold war despite everything we do. This explains why we continue to lose friends and influence all over the world.

The President in his May 21 message stated that economic development and technical cooperation were needed to preserve the independence of less de-

veloped countries. Mr. Eisenhower stated:

Unless these people can hope for reasonable economic advance, the danger will be acute that their governments will be subverted by communism.

Lacking outside help these new nations cannot advance economically as they must to maintain their independence. Their moderate leaders must be able to obtain sufficient help from the free world to offer convincing hope of progress. Otherwise their peoples will surely turn elsewhere. Extremist elements would then seize power, whip up national hatreds, and incite civil dissension and strife. The danger would be grave that these free governments would disappear. Instability and threats to peace would result. In our closely-knit world such events would deeply concern and potentially endanger our own people.

I would like to point out that we had serious instability and threats to peace last November when the Soviets butchered 35,000 brave Hungarians striving for the very freedom that Mr. Eisenhower holds so important. Our own people were not endangered and if the administration felt any deep concern it failed to act on it or show it in any tangible form.

Near the end of the President's message you will find the following, and again I quote in full:

And second, we simply cannot afford to blight the hopes of the newly independent peoples who turn to the free world for help in their struggle for economic survival. Should we do so, these peoples will perforce be driven toward communism, or other totalitarian solutions to their problems.

Omitting the blighting of all hope for the newly independent Hungarian people and their return to Communist slavery and terror, I merely want to point out that it is just another restatement of the old theory.

Nowhere is there any explanation why the United States with only 6 percent of the world's population is singled out as the economic atlas to carry the rest of the non-Communist world on its back. Nor does the President explain why other nations with reasonably stable economies and far smaller national debts than we have, also do not participate in this titantic world-uplift program.

For years a few voices have cried in the wilderness against this delusion of raising the economic level of the entire world in order to stop communism and insure our own security. Other nations do not voluntarily increase their national debt by borrowing in order to uplift underprivileged peoples. We are the only Nation in the whole world that borrows money at interest in order to give it away.

Communists first seized power in Russia in 1917 and thus secured a base of operations. If poverty and economic backwardness were the indispensable cultures for the incubation of communism, then obviously the world's two worst breeding spots, India and China, should have fallen almost immediately. Both of these unhappy lands were terribly overpopulated. They both suffered from periodic mass famines. Their income and living standards ranked with the lowest in the world. Their masses

suffered the greatest degradation and appalling poverty.

The facts of history are that China was finally conquered militarily and not ideologically only in 1948 after some 25 years of open civil war and subversion, plus, I might add, some invaluable secret assistance from highly placed Americans in policymaking spots in our Government. This has all been brought out in Congressional investigations. The Chinese people did not vote for communism or accept communism because they were hungry; they were betrayed from within and without by secret Communists posing as liberals, agrarian reformers, and so forth. And finally Chinese Communist troops, armed with weapons surrendered by the defeated Japanese, finished the job that treachery and subversion had so well started.

The other "natural breeding spot," India, still has not succumbed although the Communists there have made serious inroads. So for some 40 years after the Bolshevik seizure of power in Russia, the "empty bellies" theory has not worked out that way in India.

But China and India are in Asia, and for other reasons may be exceptions to the theory. Let us consider Europe. At the end of World War I Lenin was positive that Germany and then the rest of Europe would soon follow Russia into bolshevism. Italy, Poland, Ireland, and Portugal were well near the bottom of the economic ladder. While not even remotely approaching Asiatic poverty, they at least qualified for argument's sake as "breeding spots for communism" if the theory of backward economies is accepted.

Despite admittedly low living standards compared with more prosperous European neighbors, Ireland and Portugal have never had enough Communists to make up a corporal's guard.

Italy, with the greatest mass poverty and economic hopelessness in Europe, went Fascist instead of Communist. Even today Italy has managed to avoid slipping down the Red abyss.

Poland remained staunchly anti-Communist under the very shadow of her Red neighbor for 27 years. As was the case with China, Poland was sold down the river to the Communists at Yalta and a Red puppet regime. Rumania similarly was first taken over by Red troops at the end of World War II and a Communist regime installed later with Red army protection. Not a single so-called breeding-spot country in Europe in the 40 years following the Bolshevik coup d'etat went Communist voluntarily.

Yet year after year, with soul-wearying repetition and insistence, we continue to be assailed with the argument that poverty breeds communism. The fact is, of course, as any student of this problem knows, that Communists themselves use this argument. Communist propaganda lays heavy emphasis on the claim that they are the only true friends of the downtrodden and oppressed and that communism is the only answer to poverty.

Abject and total poverty, such as can be found in many other parts of the world and even in Europe, is lacking in

Sweden, Denmark, Switzerland, and France. All the factors which are alleged to breed communism—poverty, slums, racial discrimination, oppressive government—are absent in these socially and economically advanced nations. Yet they have over 400,000 Communists or roughly 20 times as many as this country. Communism, as any student of the subject knows, is largely—not entirely—an ideological disease. It finds many of its victims and willing recruits among the so-called better educated.

An examination of the backgrounds of the leaders of world communism from Lenin down to our own American quislings shows that, with a few exceptions, they all came from comfortably fixed middle class and lower class families.

In fact, if you will go over the list of those called before the House Committee on Un-American Activities in 1947 and 1948 in connection with Soviet espionage, you will find that with one or two exceptions all were native born, came from good families, but most striking of all, boasted of far above average educations. There were many Phi Beta Kappas, summa cum laudes, and Ph. D.'s in this wretched collection of traitors and spies. Not one was a bona fide worker, victim of social injustice, or product of so-called Communist breeding spots.

France for many years has enjoyed the dubious distinction of harboring the second largest and most powerful Communist Party in Europe outside of the Iron Curtain. The present strength of the French Communist Party is placed at 300,000 to 350,000. More important is the fact that French Communists can deliver over five and a half million votes and that this makes them the largest single political party in that country. Moscow controls 151 seats in the French Parliament.

France has received from us some five and a half billion dollars in net grants and credits since July 1, 1945. Former United States Ambassador to France, William Bullitt, has stated privately that despite all the millions we have poured into France, since American troops liberated the country from the Nazis, there is not a single newspaper in all of France which can be considered consistently and staunchly pro-American. All the millions poured into France have purchased for us little but ridicule, contempt, and outright hatred.

The Communist philosophy is, Why bother to steal a half-starved, scrawny, razorback, when you can pick up a well-fed porker for the same or less effort? Russia obviously is happy to have us fatten up these underdeveloped countries—with the expectation that when the circumstances are right, their internal fifth columns will take over. Let me read to you from the magazine *Political Affairs*, the top-level theoretical organ of the Communist conspiracy in this country.

Every January issue of this top Communist guide for action contains an article with directives for congressional action for that year. This is the party line for top party faithful to follow in supporting or opposing legislation. The lead article in *Political Affairs* for January 1956 is entitled "Geneva and '56," and

was written by Max Weiss, a well-known leading Communist.

In conclusion, Weiss states—and I am reading directly now from page 18 of *Political Affairs* for January 1956:

At the same time, the fight for peace calls for a determination at this moment of the issues which constitute now the chief links which must be grasped in order to pull the whole chain of events forward. This requires that we single out for major attention and activity the following: The fight for disarmament; the fight to restore normal trade relations between our country and the Socialist world; the fight for a policy of large-scale economic aid, without strings, to the so-called underdeveloped countries of Asia, Africa, and Latin America; the fight to get the trade unions of our country to send a labor delegation to the Soviet Union. Around these issues, wide movements of united and parallel action can be built and expanded until victory is won.

The expression, "until victory is won," naturally means the victory of world communism.

January of this year the comrades received their annual instructions with respect to Congress. I now read to you from another leading article entitled "Facing the 85th Congress" by no less authority than the National Committee of the Communist Party of the United States, page 3:

As part of an overall foreign-air program, loans and grants should be extended without strings attached to newly liberated semi-colonial countries as well as to Socialist countries, like Poland, now seeking such businesslike arrangements.

Now, do we think that Communists are fools, and that they would urge unlimited foreign aid without strings attached if they thought that such a program would retard or defeat communism?

In considering the amendments to this foreign-aid bill, we must remember that the Communists, too, are for the bill. And what is good for the Soviets can hardly be in the best interests of this country. The Communists want grants and loans extended to "socialist countries like Poland, now seeking such business-like arrangements."

Tito in Yugoslavia has been doing rather well as far as United States foreign aid "without strings attached" is concerned. Communist Yugoslavia has received almost a billion dollars in grants, foodstuffs, industrial equipment, and modern fighting weapons, including Sabre-jets.

Tito, alias Josip Broz, is a lifelong Leninist revolutionary trained in Moscow. He can be expected to follow undeviatingly the precepts of Lenin. Traditionally Russian revolutionaries before the turn of the century opposed all forms of military service and training. The Czar's armed forces were used for the repression of the workers and peasants and therefore were no place for a revolutionary.

Lenin changed that. He persuaded the Bolsheviks to accept conscription in order to not only maintain contacts with the masses but, more important, to get free training in the use of modern weapons. He argued that when the time was ripe it would then be a simple trick to turn the weapons of the bourgeoisie against them and to turn a military war

into a civil war. This new strategy was written into the formal resolutions of every congress of the Communist International from 1921 onward. You may be sure that veteran Communist Tito who attended these Comintern conferences was thoroughly steeped in this Leninist tactic.

In 1955, after Stalin's death, Tito resumed close and friendly relations with the Soviets. In June of 1956 he told 200,000 cheering Russians at Stalin-grad:

In peace, as in war, Yugoslavia must march shoulder to shoulder with the Soviet Union toward the same goal, the goal of the victory of socialism (a typical Communist euphemism for the world triumph of communism).

In numerous other speeches, all quoted and available in this country, Tito made no bones of the fact that he was solidly in the Soviet "camp."

Yet we continue to lavish aid including modern weapons of war on this Communist dictator under the fantastic delusion that somehow our State Department will be able to cajole him over to our side. This is the ultimate in gullibility and self-deception.

No; communism cannot be stopped with money. The generally accepted belief that communism can be blocked by improving a backward country's economy is a snare and a delusion. In a country where dollars are plentiful and materialism is the basis of all values, it seems logical that money can solve everything. Communist is far too complex and dynamic a phenomenon to be solved by the mere spending of money. As Whittaker Chambers has pointed out so brilliantly in his book *Witness*, communism is a new universal religion which like an X-ray cuts across all previous unities whether they be economic, moral, religious, social, political, or racial.

No form of society can claim absolute immunity against it. It does not respond to the expenditure of money, propaganda, high living standards, improved democracy, elimination of faults or defects in social organization, economics, or politics.

The rest of the world judges us by our actions—or lack of action—not by words or by grand totals of billions spent in every form of "foreign aid," propaganda, "selling America," or "telling the truth about America." Propaganda includes more than the mere clever use of words. The most convincing and powerful propaganda in the world is that of principles, conduct, courage, and a high order of national honor.

All the glowing statistics on the millions of TV sets, bathtubs, and automobiles which we enjoy cannot erase or blot out the stigma and shame of the betrayal of Mihailovich, the sell out of Poland, the abandonment of free China, or the sickening abandonment of heroic Hungary last November. Improving agriculture in Liberia, building canals in Pakistan, lifting the health level of Hindustan, and such similar good works do little, I am afraid, to wipe out the shameful abandonment of 450 American fighting men to the Chinese Reds. The rest of the world still judges others, and that includes us, by deeds, by action, and

by character. Not by the size of our handouts or the lavishness of our advertising.

Will endless and unlimited foreign aid and technical assistance retard communism? Ask any former high-ranking Communist or authority on communism. Read the testimony and books of Louis Budenz, Ben Gitlow, Whittaker Chambers, Igor Bogolepov, and others, who either founded the Communist conspiracy in this country or served high in its ranks here or in Russia. Consult such nationally acknowledged experts as Eugene Lyons, Dr. J. B. Matthews, James Burnham, John Lautner—to mention a few—and you will not find one who does ridicule this entire “breeding spots for communism” theory.

Those who talk loudest and most convincingly on the nature of communism and how to treat it are often those people who demonstrably know the least about it. This explains why we continue to lose the cold war all over the world. This explains why the Russians are so confident and treat our leadership with open contempt and amusement. Former Ambassador Bullitt once stated in substance that the great tragedy of our time was the total inability of western leadership to grasp and understand Communist mentality.

I am not opposed to all foreign aid. I favor military aid and some economic aid to those countries which have established unquestionable records of opposition to communism, such as South Korea, Nationalist China, Vietnam, Iraq, Turkey, Greece, Spain and West Germany. I favor very limited and carefully supervised aid to Great Britain, France, Scandinavia and other west European nations who might remotely be menaced by Soviet aggression. I am opposed to giving any money to Communist Poland and Yugoslavia or to such neutralists as India, Burma, and Indonesia.

The test should be quite simple. “Do you fight on our side against communism, not only in a military sense but in every other respect?” If the answer is “No” or quibbling evasion, I say cut them off the relief rolls. An international WPA is justified only on the grounds of defense of this country. England and other nations place their own self interest and security above visionary international uplift schemes and will-o'-the-wisp chasing. Let this Congress make for itself an indelible record of turning back once more to its primary constitutional duty—that of protecting and advancing the interests and welfare of the American people.

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, I yield to the gentleman from Maine [Mr. COFFIN] 10 minutes to close the debate.

(Mr. COFFIN asked and was given permission to revise and extend his remarks.)

Mr. COFFIN. Mr. Chairman, there are really two questions that must be answered in this debate on the foreign-aid program.

First. Is an economic assistance program of the size that now exists necessary?

Second. If such a program is necessary, is not the development loan fund the most practical approach?

As to the first question, I would agree that however morally desirable such a program is, it would not be necessary:

First. If we and our western allies had an overwhelming share of the world's population and natural resources, but we do not.

Second. If the half of the world's population in the Middle East, Africa, and Asia did not know that they had a deplorably low standard of living, or if they knew and they were nevertheless satisfied with their lot—but they do know and they are not content.

Third. If, even assuming this half of the world knew it was underdeveloped, and there was nothing it could do about it its lot that would pose a threat to our security, but they can turn to the ever-welcoming embrace of the Soviet Union.

Fourth. If, notwithstanding all this, the Soviet Union had no basic drive to be all powerful in the world, but it has.

Because these “ifs” are not facts, we must do what we ought to do. We must provide leadership in the new twin struggle for economic progress and national self-respect taking place throughout the world. These nations are determined to progress and achieve self-respect with or without us. If reasonable assistance and encouragement is not available through us, it will be sought elsewhere.

In addition to the “ifs” we are all familiar with the “buts” which are used repeatedly in tones of doubt and discouragement about economic assistance.

For example, we hear “But we'll bankrupt our country.” The truth is that we are setting up a program for economic assistance of one-tenth of 1 percent of our gross national product. This is less than seven-tenths of 1 percent of the national budget. Percentage-wise, our total mutual security program has been declining. It is now about 4 percent of the budget, and the requested authorization for the loan fund is only 15 percent of the entire amount requested for mutual security.

“But we can't carry the teeming millions all alone.” This is true, but we can set in motion the basic economic forces, such as roads, power projects, and communication lines, which will help them stand on their own feet.

“But there's no end to this.” I can sympathize with anyone who says this. But this is not reasoning; this is reacting emotionally to an unpleasant reality. If we have not done so before, we must face the fact that in this world of imbalance, a substantial mutual assistance program will be a major factor in our foreign policy for a long time to come.

“But there has been so much waste.” There have been instances of inadequate planning, too few skilled personnel, too much haste, too few controls. Here a sense of perspective is needed. In the debate thus far on foreign aid, in the magazine articles, books, committee and agency reports, there are

recorded between 55 and 75 alleged instances of poor planning or waste. Some of these criticisms are wholly justified. Some are not justified when the facts are known. And some are wholly unfounded. This then is the harvest of error reaped from 2,000 projects in 60 countries.

Certainly every effort should be bent toward eliminating waste. But to give up the program and say we can't do this job, to condemn and abandon the program because of faulty administration is, it seems to me, short-sighted and self-defeating. We might as well give up our defense program because of occasional fraud and irregularities.

“But we can't buy friends.” Of course we cannot. And if we expect profuse gratitude from peoples taught by experience to suspect the West, we are naive. Proving itself constant and constructive and not imperialistic, our leadership will be both accepted and respected. The bonds existing between free nations will be infinitely stronger than those of the giver and receiver of alms.

“But look at all the money in the pipeline.” There is in the field of economic assistance \$317 million of unexpended funds; of these, all but \$27 million have been committed, or obligated, to economic projects. These are closed deals. As far as the military pipeline is concerned, the authorizing committee has already reduced the amount for military assistance \$400 million below the President's request, largely because of its feeling that, because of new weapon possibilities, there could be a reallocation of funds and materiel in the pipeline. Defense support has been reduced from \$1.2 billion last year to \$700 million for the coming year, a cut of 40 percent. It is true that the pipeline stood up under last year's cut of a billion dollars and even produced a further “saving” of \$500 million; but to think we can continue to squeeze the pipeline is to say that because one can go 1 day without eating, he can go a week.

“But let private enterprise, let the Export-Import Bank, let counterpart funds and local currencies do the job.” All of these can help. But all combined cannot do the job that must be done at this time. For example, even with the guaranties of the investment guaranties program stimulating an increase of 133 percent in applications for the last year, the total guaranties in force are only \$114,670,000. Stability of government precedes private investment; and development assistance aids in achieving stability.

The Export-Import Bank is dedicated to helping other countries, by hard loans, to become better trading partners of the United States. These are a vital part of the economic development picture. But as the president of the bank, Mr. Waugh, said, in concluding his testimony before our committee:

The time has come for all of us to give serious consideration to a program incorporating a mechanism for a United States economic development fund which would be

available, with provision for so-called soft loans on a basis capable of being serviced and beneficially absorbed by the borrower.

Finally, local currencies created by sales under Public Law 480, by sales under section 402 of the Mutual Security Act, and counterpart funds created by dollar grant aid are useful to only a limited degree. They are of no use in helping buy equipment, materials, services, or commodities from outside their borders. Moreover, half of Public Law 480 sales in 1958 will be in countries where we have no economic aid programs. To the extent that these funds can be used, they have already been taken into consideration.

When all the ifs and buts have been fully explored, perhaps the most compelling consideration of all is the consequence of a substantial curtailment of economic assistance. We would in effect be saying to the Kremlin, "It's all yours. We have no further interest in the Middle East, Africa, South Asia, and the Orient." This is a bleak one-way street which becomes even more narrow. This is the street where all foreign aid opponents finally meet. This is the street of the impossible alternative.

If any or all of these factors are valid, and if, as a matter of foreign policy, we should continue to maintain a substantial economic assistance program, what form should it take?

It seems clear that we have three choices: Grants, dollar loans, or a program involving soft loans. We also can choose between yearly loan programs or those spanning several years.

Loans requiring dollar repayment would be desirable, except that the countries needing development lack dollars. Nor could these countries generate enough dollars through trade in the foreseeable future for repayment.

Grants are occasionally inevitable but have many weaknesses as the basis for an entire program. They invite hasty action, particularly if the program is on a yearly basis. They give the grantor no basis to exercise continuing supervision. They give us no return or hope of return. And they do nothing to increase the self-respect of the recipient.

This leads us to a several year soft loan fund. This is the device which has been endorsed by the various committees of Congress, the Executive, and outside agencies and individuals.

It is well to paint it in its true colors. It needs no others. It is not quite fair to say this is a revolving fund. It is not realistic to say these will be loans identical to those of the Export-Import Bank. This is not a business proposition. But it is a businesslike way of carrying on economic assistance that is far superior to any method we have experimented with in the past 10 to 15 years.

The merit of the loan fund idea does not lie exclusively in the balance sheet at the end of the transaction. It lies also in the loan-making process.

First of all there is time. There is no hurry to rush through a project in a fiscal year.

Second, the focus is on a project rather than on any amount of money.

Third, there are objective criteria that must be met. These are similar in na-

ture to those which guide the Small Business Administration in making loans that will on the one hand help small business and will not, on the other, encroach on legitimate bank business.

Fourth, and perhaps most important, the loan fund officials are in a position to go over applications and the thinking behind them. They can and must see if the project is sound for the development of the country and must make a finding that repayment can be expected. This is a legitimate string that is necessarily tied to the transaction. It is bound up with sound fiscal and budgetary policies of the debtor nation. The leverage for fiscal reform in the recipient country which the loan-making process makes possible is one of the most valuable advantages of this idea.

Why is an authority for 3 years needed? There are some who accept the validity of the loan fund idea but say that long range planning can still take place even though funds for only 1 year are authorized.

This ignores the basic realities of negotiating and programing. If only 1 year's funds were authorized, two things would happen. There would be no effort on our part, or on the part of other countries, to explore other projects than those previously submitted. The effort of the International Cooperation Administration in Washington and in the field would be to discard projects and develop a priority list which would total the authorization for 1 year. There would be little incentive for planning, negotiating, surveying, and estimating. The process of forward thinking simply could not be effective in a fiscal vacuum.

Moreover, a 1-year authority for the fund would perpetuate the chief cause for all the waste, poor planning, and looseness of the past. All planning, negotiations, and loan agreements would be frantically carried on on the part of both lender and borrower with the ticking of the clock audible in the background. The loan fund could not humanly be expected to proceed with restraint, knowing that its first year's record of loans made would largely determine the second year's authority.

I realize that congressional control must not be surrendered. But I confess I feel that Congress is still very much in the control picture. It may exercise no fewer than seven controls:

First. The criteria governing the fund's operations.

Second. Reports of any transaction, on request.

Third. Semianual reports of activities.

Fourth. Government Accounting Office audit.

Fifth. Authorizing legislation which can change or limit the loan fund's authority each year.

Sixth. Supplement appropriation bills which, under the Government Corporation Control Act, can reduce future authority to borrow from the Treasury.

Seventh. Field investigations by congressional committees.

Here then is our position. In 10 years we have learned by trial and, sometimes, error about this tremendously complicated business of foreign aid.

If we need a substantial program of economic assistance, then it seems only sensible to me to give it a chance to operate under businesslike conditions.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. How much money is there in this pipeline?

Mr. COFFIN. There is in what we call unexpended funds \$6.2 billion. There is a billion dollars added to that in counterpart and local currencies which, I may say, are of limited use.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Minnesota.

Mr. JUDD. How much of that \$6.2 billion is unobligated, in other words, not tied up?

Mr. COFFIN. I have been talking about economic assistance and the figure there is \$27 million.

Mr. JUDD. It is about \$500 million for military assistance and \$33 million for defense support, and technical assistance and economic aid about 150 million. But the rest of the money in the pipeline is not free to use for other purposes. It is still working.

Mr. COFFIN. This pipeline money is committed to projects. The pipeline on the military side has been reduced to under 2 years and on the economic side the pipeline has been reduced to about a year. That corresponds roughly with the lead time necessary in getting delivery of tanks, planes, and so forth, on the military side, or to set up effective projects on the economic side.

Mr. JUDD. Many assume that because money is in the pipeline and not expended, therefore it is not tied up. But contracts for items requiring a long lead time could not be let or continued without this money in the pipeline to pay for them when delivered. We cannot use it for anything else.

Mr. COFFIN. The contracts have been let, the arrangements have been firmed up, they are final, and otherwise would have to be upset to the great prejudice of our common effort.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Louisiana.

Mr. PASSMAN. I may state, and I think these are accurate figures given to our committee today, that the total amount of unobligated funds in all categories amounts to \$726 million. Of course, a portion of that money has been appropriated on a 3-year basis. Referring to the Asian fund appropriation of \$1 million, they have only been able to obligate \$6 million in the 2 years. So you still have \$94 million of that; \$726 million is unobligated.

Mr. JUDD. That is essentially the same figure I gave. I think it is up about \$30 million above the estimates that were given us as to what the obligated balances would be on June 30.

Mr. PASSMAN. Which indicates we gave them too much money last year.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Actually the figure given to the Committee on Foreign Affairs was \$685 million unobligated in total; and we might say on the \$685 million, \$500 million of it was a saving by the agency during the past year which the President pointed out.

Mr. PASSMAN. I said that these were accurate figures given us as of today.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Ohio.

Mr. VORYS. The \$500 million unobligated is part of the savings. The Defense Department has reduced their budget by that amount.

Mr. COFFIN. In other words, that \$500 million was a planned saving.

Mr. VORYS. It seems to me with respect to that money in the Asian fund we should commend these departments for not spending money they do not need to spend, and it also seems to me that when you have already at the authorization stage cut this bill \$622 million below the amended budget request, or \$1,122 million below the January budget request, we have just about used up all of the savings that these departments have made.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield further?

Mr. COFFIN. I yield.

Mr. PASSMAN. Should they not be reprimanded for requesting this Congress to provide more money than they actually needed?

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. It should be remembered that last year our Committee on Foreign Affairs cut the request by \$1.1 billion, and this House adopted an amendment of \$1 billion. Now, this leaves only \$33 million unobligated in defense support, and on technical and economic assistance there is \$152 million. It is only \$185 million in all unobligated; a very small amount.

Mr. COAD. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Iowa.

Mr. COAD. I wish to commend my colleague from Maine for his able presentation on the floor here today, and I should like to ask this question. Has the Committee on Foreign Affairs checked very recently—and I mean by that in the last day or week—with Mr. Percival Brundage, who is, of course, in the Executive Branch, to see whether or not these are the figures that the administration really desires, or will it be after the enactment of this appropriation bill that then we will find out that actually the administration desires a lesser amount?

Mr. COFFIN. I would say to the gentleman that the committee has been, I think, constant in trying to get the most up-to-date figures. We, for example, wanted to assure ourselves that in coming to this chamber we had figures that were as up to date as my good

friend from Louisiana had in his Committee on Appropriations, so that we would be talking on the same basis.

Mr. COAD. I am sure you are aware of the fact that it was only within the last few days that Mr. Brundage of the Bureau of the Budget sent this letter out, or perhaps 2 weeks ago or more, stating that the other departments should cut back to the 1957 level. Now, does that mean that there might be further reductions even in this budget?

Mr. VORYS. Mr. Chairman, will the gentleman yield on that point?

Mr. COFFIN. I yield.

Mr. VORYS. Since this authorization which the Appropriations Committee is still to pass on is \$524 million below last year's appropriation, I think we can be quite sure that this program is bound to be within the so-called Brundage letter amount.

Mr. COFFIN. I thank the gentleman for his contribution and remind the Members that we will have adequate time tomorrow under the 5-minute rule to further explore this program.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. JUDD. Does not the gentleman agree that the thing that is new in this loan fund is not that there is a greater grant of power; quite the contrary. The loans from this loan fund are to be made under more specific restrictions than exist today. ICA has made loans of all sorts and all over the place under existing legislation. We gave them authority to do that and, in fact, in the past required that they use as much as half the economic assistance funds for loans. But for the first time, under this Development Loan Fund, the loans would have to be made according to rather tight criteria, stiffer than for loans made now either under the Mutual Security Act or even under the Export-Import Bank.

Mr. COFFIN. I agree with the gentleman.

Mr. GORDON. Mr. Chairman, I ask unanimous consent to have inserted at this point in the RECORD a statement by the International Cooperation Administration dealing with the criticism raised yesterday by the gentleman from Michigan [Mr. MEADER].

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

(The statement referred to follows:)

ICA'S POSITION ON STATEMENTS OF CONGRESSMAN MEADER, PAGES 10627-10637 OF THE CONGRESSIONAL RECORD, JULY 15, 1957

JORDAN ROADS PROGRAM

Congressman MEADER's article in the April 1957 issue of the Reader's Digest contained the following statement concerning the ICA program in Jordan:

"Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: a half million Arab refugees from Palestine. Our major cure has been to construct thoroughways for the country's fewer than 9,000 automobiles."

On April 19, 1957, as one element in an attachment to a letter to Senator BUSH, Mr. HOLLISTER sent forward the following comment on the foregoing statement:

"The major cure for the Palestine refugee problem has never been road building but development of the Jordan River. To this end the President 3 years ago designated Eric Johnston as his special representative to try to get the four countries involved—Israel, Jordan, Syria, and Lebanon—to agree to develop the river, to date without success. The United States has for the past several years contributed millions of dollars to the U. N. to feed the Palestine refugees. The road program is not part of a direct attempt to relieve the refugee problem.

"Jordan has only 225 miles of railroad, so it must also depend on highway transportation. Following the establishment of the State of Israel, transportation which had formerly flowed east-west from Jordan to the Mediterranean was cut off and had to be diverted into a north-south movement. There was a need for connecting links with roads leading northward to Lebanon and Syria and southward to the port of Aquaba, and for roads connecting the 4 areas of Jordan containing the bulk of the country's 1½ million population, including the Arab refugees. A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel."

As the original Reader's Digest article notes, the Arab refugee problem is of crucial importance to a solution of Jordan's difficulties. The United States, in association with other members of the United Nations, has been working toward a solution of the refugee problem not only in Jordan but throughout the Arab States, through the vehicle of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). From December 1, 1945, through December 31, 1956, UNRWA expenditures totaled \$224.6 million—\$192.0 million for direct relief and \$32.6 million for rehabilitation projects designed to promote self-support. The United States share of these expenditures was about two-thirds. Of the approximately 925,000 refugees, 511,000 are located in Jordan.

As was noted in ICA's initial comment on the Reader's Digest article, the development of the Jordan River has been regarded by the United States as the project offering the best possibilities for solution of the refugee problem. To date, this project has not been undertaken, since it has not been possible to secure agreement among the four nations principally concerned—Jordan, Lebanon, Syria, and Israel—as to mutually acceptable terms of development.

In a letter dated July 15, 1957, and addressed to Mr. Boyd Crawford, staff administrator of the House Foreign Affairs Committee, Mr. Charles Stevenson, of the Washington staff of the Reader's Digest states that "ICA's own records show that road construction is by far the biggest ICA project in Jordan—with \$7.5 million spent for this to date."

However, Mr. Stevenson makes no reference to the original Digest article contention—that the major ICA effort at solution of the refugee problem has consisted of highway construction. His letter addresses rather, the magnitude of the road program and draws attention to its asserted characteristics of overdesign, and excessive cost per mile. In support of this thesis, he cites the March 14, 1956, Report of the House Foreign Affairs Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, noting the complaint that the ICA roads are "far too costly and elaborate for a country as underdeveloped as Jordan." He further cites the USOM-Jordan Annual Report of June 1956 to show construction of 400 kilometers of primary roads and 120 kilometers of secondary roads and to indicate the nature of the construction undertaken and the standards adopted.

Mr. Stevenson is correct in his assumption that road construction constitutes the major ICA activity in Jordan: the UNRWA program, directly keyed to the refugee problem, is not subject to ICA control or supervision.¹ As Mr. Stevenson clearly recognizes, road construction is not and was never intended to be a cure for the refugee problem although it has provided temporary employment for as many as 10,000 refugees. Rather, it constitutes a positive effort to provide effective assistance to the Government of Jordan in its economic development program.

The original ICA response to the Reader's Digest article contains one factual inaccuracy: that the ICA road program involved 72 miles of road. In fact, the ICA road construction program covers approximately 181 miles (292 kilometers), rather than 72 as stated. Of this amount, approximately 93 miles (149 kilometers) constitute elements in the primary Jordanian road system; the balance are farm-to-market and village access feeder roads.

ICA's present road program consists of the following:

1. 'Ammān-Na'ur, 12 kilometers.
2. Na'ur-Kallia Junction, 42 kilometers.
3. Syrian Border-Jarash, 45 kilometers.
4. Jarash-Sweileh, 34 kilometers.
5. Sweileh-Na'ur Junction, 16 kilometers.

Two farm-to-market roads in the Amman region-Sahab-'Ammān, 6 kilometers; Um Jouza-Ermemein to the Sweileh-Jarash Highway, 15 kilometers.

Nineteen village access roads in three political subdivisions of Jordan Palestine: (1) Nablus, (2) Jerusalem, and (3) Hebron Districts, involving approximately 122 kilometers of village road improvement and development.

The June 1956 annual report of the Technical Services for Economic Development and Public Works, cited by Mr. Stevenson, describes accomplishments of the joint Jordanian-American development projects. On page 46 it details the overall road construction program of the Jordanian Government, calling for a total of 400 kilometers of primary roads.

United States technicians have assisted Jordan in laying out its overall development plans as well as in implementing that portion which ICA has undertaken for demonstration purposes.

Mr. Stevenson has understandably misinterpreted the June 1956 report as meaning that ICA was financing the entire 400 kilometers. In actuality, ICA is financing only 149 kilometers and to date has not provided hard-surfacing for any portion of this. However, the Jordanian Government's initial planning called for eventual hard-surfacing of all primary roads; ICA-engineered designs provide for eventual asphalt surfacing of the "Point Four" highways; and ICA may be requested to provide some assistance for this purpose.

In addition to the 149 kilometers of primary road, the ICA program provides for 2 secondary farm-to-market roads totaling 21 kilometers and numerous village access roads totaling approximately 122 kilometers. In the case of these village access roads, ICA furnishes supplies, materials, and engineering guidance; labor is furnished by the village itself.

The charge that ICA roads are overdesigned, excessively costly throughways deserves particular attention. As Mr. Stevenson notes, Jordanian main roads are normally 7 meters wide, with 5 meters asphalted. Major point 4 highways are 9 meters wide, are designed to American standards, and will eventually have a 7-meter asphalt strip.

A 7-meter (23-foot) driving strip with 3-foot shoulders will indeed constitute a major improvement over the former standard 5-meter (16-foot) strip with equivalent shoulders. It will provide a driving surface 40 percent wider than the former standard—at an initial cost, as noted by Mr. Stevenson, only 9 percent higher. The annual cost of these improved roads, however, will be far lower, since the greatly superior engineering and construction will enable far lower maintenance costs.

These primary roads when completed, will be equivalent to secondary or tertiary surfaced roads in the United States. They are designed to hold up under the increasing bus and heavy truck traffic which are the only means of adequate transportation in Jordan. As experience in the United States has shown, roads must be designed to withstand the effect of heavy vehicular traffic—not passenger automobiles, which, as the Digest article notes, number less than 9,000.

The smaller but more numerous village access and farm-to-market roads will remain simple gravel roads. In conjunction with the main roads, they have already made possible a substantial and gratifying increase in movement to market and export of such perishable vegetables as tomatoes.

The point 4 highways are soundly engineered and are expected to provide a standard for Jordan's much larger total highway program. But far from representing throughways, they are the equivalent of two-lane country roads in the United States.

LEBANESE DEMONSTRATION FARM AT TERBOL

Representative MEADER's article in the Reader's Digest, March 24, 1957, states that ICA "has built a \$128,000 cowbarn in Lebanon to demonstrate to average farmers living on \$100 or less a year the equipment they should provide themselves with in order to get ahead."

The ICA replied on April 19, 1957, based on Washington records, that the United States contribution to the cowbarn was only \$48,265, that the Lebanese Government had spent £100,000 (\$30,000) on the cowbarn, and that the cowbarn was really a part of an overall animal husbandry project for which the Lebanese Government requested United States assistance.

Representative MEADER replied in the CONGRESSIONAL RECORD of July 15, 1957, page 10632, that:

(a) In the House appropriations hearings of 1955, on page 345, the ICA representative had not denied that the cowbarn cost \$128,000; and

(b) Certain members of the House Appropriations Committee said at that time (p. 345) that the project was out of proportion to Lebanon's needs.

Comment: ICA wishes to note the following facts:

1. A recent check of fiscal records of the mission show that the ICA contribution to date for the dairy barn and fence, the cattle shed and fence, the trench silo and the barnyard is \$50,269; and that the Lebanese Government contribution for these same installations amounts to £160,800 (\$48,000).

2. The figure of \$128,000 mentioned in the House Appropriations Committee hearings on July 16, 1954 (p. 345), may have been an estimate made at that time of the entire cost of the animal husbandry part of the Terbol project, i. e., the cost of construction of the buildings (dairy barn, cattle shed, silo, and barnyard), plus the cost of the bulls and cows, and the equipment for animal husbandry project. However, the original source of this \$128,000 figure is not indicated in the congressional testimony. This aggregate cost of the animal husbandry project (buildings, bulls, cows, and equipment) to date is \$99,934 contributed by ICA plus £288,000 (\$86,000) contributed by the Lebanese Government.

3. The so-called cowbarn is merely one part of an agricultural demonstration and experimental farm at Terbol which is the Lebanese Government's principal agricultural demonstration and experimental center for the entire country.

This farm is the Lebanese equivalent of (although much smaller in scale than) Beltsville. To say that the Lebanese farmer cannot duplicate Terbol, and therefore that Terbol is too large for Lebanon, is the same as saying that the American farmer cannot duplicate Beltsville, and therefore that Beltsville is too large for the United States.

The entire project includes 125 acres of agricultural land and 250 acres of an afforestation tract, all of which was paid for by the Lebanese Government.

One part of the work is the animal husbandry project where imported Holstein bulls and cows (30 cows and 22 bulls) are used for upbreeding the local cattle strain. Another phase of the project is experimentation with different forage crops, to improve soil and to make better animal feed, of which Lebanon is in deficient supply. It has been found that crossbred Holstein cows, scientifically fed, yield eight times as much milk as do local cows fed in the local manner. Crossbred calves from the project bring a much higher price on the local market than do calves of the local breed. Terbol has contributed to a great increase in dairy production in Lebanon.

Another phase of the project is to improve the local poultry breeds with American chickens. This project has become so popular that large eggs are now marketed in Lebanon as "point 4 eggs" whether they come from Terbol or from private flocks. Horticulture, varietal experiments with cereals, afforestation, farm-machinery repair, and irrigation are other phases of the Terbol work.

Local farmers are coming from villages throughout the area to see the new methods, at Terbol. Thus, the beginnings of a practical agricultural-extension system.

Terbol has already had a substantial economic and educational impact upon Lebanese agriculture.

4. The entire Terbol project was turned over to the Lebanese Government to manage and finance in the spring of 1955. ICA experts continue to advise on its work.

The Lebanese Government intends to expand its activities in such a way as to serve both small and large farms in Lebanon, as Lebanon is now able to produce only a small part of its total food-consumption requirements. While most of the farms in Lebanon are relatively small, many in the Bekaa Valley, where Terbol is located, are from 100 to 1,000 acres each.

BURMA

1. The reason why Burma requested termination of the United States aid program in 1953.

The Reader's Digest research report made the following statements on this question:

(1) "The reasons for Burma's cancelling the United States aid program in 1953 were stated thus by Congressman WALTER H. Judd, original sponsor of an Asiatic aid program, during House Foreign Affairs Committee hearings on the Mutual Security Act of 1956 (p. 457): Burma interrupted the former aid program from us because she didn't like the way we were doing it."

ICA comment: Congressman MEADER has quoted Congressman Judd correctly in saying "Burma interrupted the former aid program from us because she didn't like the way we were doing it." This statement was not made in the course of a discussion specifically related to reasons why Burma terminated the United States aid program; but it might be assumed from this statement that Congressman Judd believed the above was one of the reasons. That this was not the only nor the major reason for Burma's action is

¹ United States contribution is made through the State Department which has the prime responsibility for dealing with UNRWA.

made clear in the following language taken from the report of the Special Study Mission to Southeast Asia and the Pacific, dated January 29, 1954, of which Congressman Judd was chairman: "As a result of political pressure within Burma generated largely by the KMT (KuoMinTang) issue, Burma requested in March 1953 that the program be discontinued as of June 1953. Although the KMT problem was not mentioned in the public announcement of termination, Burma was reluctant, for political reasons, to accept further United States aid while public opinion was blaming this country at least indirectly for the troubles caused by the Chinese guerrillas" (p. 64).

A similar statement of the reason why Burma terminated the program was given in the report of the Special Study Mission to the Middle East, South and Southeast Asia and the Pacific, March 14, 1956, of which Congressman ZABLOCKI was chairman (p. 96).

(2) "The report of the special study mission of which Representative Judd was a member, put it this way: 'The Burmese wish to stand on their own feet. * * * Many Burmese have opposed any American aid lest it turn out to be, as the Communists charge, the entering wedge by which the United States might attain for itself a position of dominance over Burma's economic life, and perhaps try to control Burma's international policies.' (Pp. 95-96, Report of Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, March 14, 1956.)"

ICA comment: These statements appear in the special study mission report under a discussion of the economic situation in Burma. They are not presented in the context of a discussion of the reasons why Burma requested the termination of United States aid, and they were not stated as such in this report. In full, the quotation is as follows: "Burma needs assistance to counter the growing blandishments of the Communist nations. The Burmese wish to stand on their own feet and prefer to exchange their surplus rice for needed goods and services. If the United States, itself the world's third largest exporter of rice, wishes to provide some of the aid Burma needs if she is to remain free, a new basis must be found for extending our aid."

2. The resumption of assistance to Burma: The Reader's Digest research report asserts: "The United States-Burmese agreement of March 21, 1957, bears out that ICA is not again carrying on a program in Burma despite its statement to this effect." This report further gives information to the effect that Burma does not want any United States Government gifts of so-called foreign aid, that there is to be no ICA mission set up in Burma, that Burma will hire its own technicians which will work directly for and be paid entirely by the Burmese Government, and that the Burmese Government will originate and carry out its own projects when, as, and if it pleases.

ICA comment: While it is true that ICA is not providing further aid to Burma on a grant basis, an agreement was concluded between the United States and Burma on March 21, 1957, for assistance under the mutual security program, on a loan basis, for the financing of mutually agreed projects. ICA now has a small staff in Burma, within the American Embassy, which has begun discussion with the Burmese Government of specific projects to be financed under this agreement. It, therefore, can be said that the United States is again carrying on a program in Burma in the sense that the agreement already signed commits the United States to providing such aid and that it is the full intention of the United States to abide by its commitment under this agreement.

LAOS

"Recently in Laos, a country of 1½ million inhabitants, Congressmen saw a depot

crammed with enough expensive drugs, hypodermic needles, and other medical supplies to care for much of southeast Asia."

Comment: ICA has never disputed that Congressmen saw a depot with the medical supplies referred to in this statement. Its previous comment on this point indicated the limited extent of ICA assistance in financing the import of such supplies. At a hearing before the House Foreign Affairs Committee on June 24, 1957, when this subject was brought up, Congressman Judd of Minnesota, who was one of those who saw the supplies referred to stated:

"It never was suggested that those were stores purchased by American funds. We never said that. Somebody added that onto it. We reported seeing the most fabulous collection of expensive hypodermic needles, antibiotics, and everything else. * * * But it was never suggested that it came from us—we were putting no American aid in at that time. This was a case where somebody had gone wild and used French money or UNESCO money or somebody else's money for it. It wasn't ours."

Our information is that the French left a sizable supply of drugs for its military hospital in Vientiane, used for the care of French and Laos forces. We believe that the medical supplies referred to in Congressman MEADER's statement were largely from this source.

PHILIPPINES

"Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them were available."

Comment: The former ICA comment on this point did not take issue with Congressman MEADER's statement. It did, however, point out that corrective action was subsequently taken. An operator has been trained, the power supply is adequate, and the microscope is being used for important research in plant pathology and the development of serums and vaccines.

"Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such water on the scene had already been supplied."

Comment: As stated in ICA's previous comment, the Mutual Security Agency did buy \$250 worth of distilled water for the Philippines in 1951. We think the project was justified. This water was required for intravenous injection, and while the Philippines could produce distilled water, there was an inadequate supply in the Philippines of vials used in administering such injections. It was found that vials already filled with distilled water at a cost of 10 cents each were available in the United States, and that the use of the filled vials was cheaper than the purchase of empty vials, shipment to the Philippines, and the labor costs involved in repacking.

INDIA

Congressman MEADER's article in the April 1957 issue of the Reader's Digest leveled a number of criticisms at the ICA program in India—insufficient attention to the successful community development program; excessive attention to rail transport; and concentration on commodity imports at the expense of self-help projects.

On April 19, 1957, as one element in an attachment to a letter to Senator BUSH, Mr. Hollister sent forward comments on the criticisms.

On July 15, 1957, Congressman MEADER inserted into the CONGRESSIONAL RECORD a statement supplied by Charles Stevenson of the Reader's Digest staff. This statement reiterates and expands upon the criticisms, raised in the original Digest article, directed at specific elements of the ICA program: grain storage, community development, and assistance to the Indian railroad system. It appears from the content of these subse-

quent comments that certain distinctive features of the situation in India have been given inadequate attention. ICA wishes to supplement its initial response to clarify the nature of the economic problems faced in India, the types and magnitude of effort in which India is engaging to meet these problems, and the essential character of ICA participation in this activity.

The problems of modern India are analogous to those in postwar Europe. In essence, they reflect the general case where aid is needed to offset balance of payments difficulties which would otherwise limit a country's ability to carry out mutually desired defense commitments and meet their own desired economic development objectives. In India, however, the full force of the economic pressures needs to be evaluated in terms of the overall size of the problem and the nature of the Indian Government's commitment to improvement of the conditions of life for the nearly 400 million people of India.

India spent the equivalent of about \$3.7 billion in the 5 years of the first plan period for development purposes. By 1956, India had succeeded in raising its gross national product by about 18 percent, per capita income about 11 percent, food grain production by 20 percent and industrial production by 40 percent. India had obviously undertaken the major burden of financing its development program, utilizing all the resources it could command including a planned use of reserves. MSP assistance, although it represented only 3 to 4 percent of total development outlays, during this period provided financing for essential development imports.

However, India remains a poor country with a very low standard of living. To keep pace with population growth alone—about 5 million annually—substantial economic development is required. India is attempting to accelerate its attack on the crucial economic problems: population pressure, poverty, unemployment, ill health, and ignorance. In its second 5-year plan, India has initiated a program proposing development outlays of some \$17 billion. In its present state of industrial development, India will of necessity be required to import substantial amounts of commodities, supplies, and equipment for current needs and for further development. These imports cannot be financed without assistance from the more developed countries. Programs inspiring local self-help activities have a role to play in any aid program and have certainly been important in the development of India. The crucial problem for India now is to obtain the additional foreign exchange resources to finance the imports necessary for realization of its development objectives.

Grain storage

The 50 prefabricated buildings for flat storage of grain and 2 silos arrived in India in December 1955. In April 1956 ICA agreed to supply an additional 500 storage buildings at a cost of \$4 million, contingent, however, on the erection of the first 52 buildings by the Indian Government. Therefore, it is not correct to say that the additional \$4 million assistance was made available in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent.

A draft project implementation order for \$4 million for grain storage buildings was received in ICA/W on January 25, 1957. This was not issued. Instead, after consultation among interested ICA/W officers, a message drafted February 28, 1957, and dispatched March 6, 1957, included the statement that "ICA/W is reluctantly forced to conclude that the assurances upon which the project was approved have not been borne out by performance to date." The message went on to discuss modification of the project agree-

ment to reduce our commitment. Pursuant to this message amendment No. 1 to supplement No. 2 was signed on April 24, 1957, deobligating the entire \$4 million. This decision was taken on the basis of a normal ICA analysis of the grain storage project conducted in February and was not made in response to the GAO report or the Reader's Digest article.

The deobligated funds were reprogrammed to finance the construction of a thermal powerplant in New Delhi. The deobligated funds were made available to the Indian program because of India's continuing need for foreign exchange.

Commodity development

The community development program in India began in 1952, followed a year later by the National Extension Service. In the four-volume report on community development issued in December 1956, by the estimates committee of parliament, ICA is given a full measure of credit for helping in the establishment of this program which Prime Minister Nehru terms the most significant of the development programs because of its potential effect on the 300 million people living in 558,000 villages.

The community development program is comprehensive, covering agriculture, transportation, education, health, cottage industry, housing, and social welfare. The extension program is somewhat less comprehensive and therefore capable of rapid expansion. By the end of the second plan period all of India's villages should be covered by either community development or national extension.

The basic unit of these programs is the village. Five to seven community development villages, or about ten extension villages, are served by a multipurpose-village level worker. These village level workers are backstopped on a block level (100 villages) by technical specialists. The block organization is served through district commissioners by the state development commissioner and his staffs who in turn receive help from the central government's ministers of community development and the co-operating technical ministries.

ICA has invested nearly \$13 million directly into the community development program. However, this grossly understates our total contribution because, just as India's is a joint effort of specialized ministries coordinated by the ministry of community development, so is our contribution primarily through subject matter projects in the agriculture, industry, health, and education fields.

For example, ICA has invested over \$21 million in a malaria control program, which has helped reduce the incidence of the disease by one-half. It has not only alleviated human suffering, but also reduced the burden resulting from low productivity, medical care, and the waste of potentially cultivatable land. Malaria is a rural disease and its control or eradication is closely tied in with any program of community development. ICA has also undertaken a number of projects to increase agricultural production which also make significant contributions to the development of rural India. The entire agriculture extension program in which ICA is participating is a basic part of the community development effort. We believe that at least one-third of the \$326.7 million aid program cited in the article was of direct assistance to the community development effort. In addition, a substantial part of the program was of indirect benefit to the rural development effort.

ICA believes that concepts of community development are sufficiently well understood in India that it is no longer necessary to put funds into this phase of the program. ICA is of course pleased that the program

has advanced to the point where India no longer needs United States assistance.

The report implies that there was something wrong with providing transport vehicles to the community-development program. The justification is simply that the community-development worker needs transport if he is to cover his development block, representing an average-size of 100 villages with a population of 60,000 to 70,000, spread over an area of 150 to 170 square miles.

Railroads

The economy of India is almost entirely dependent upon railroad transportation. Rail transportation is imperative not only for sustenance and development of the country but also for the maintenance of essential exports. Undermaintenance in depression and war as well as removal of equipment to other war theaters during World War II left India short of rolling stock, with a large part overaged. Transport inadequacies threatened the implementation of the development program. India's railways increased the amount of freight they carried during the first 5-year plan by about 31 percent. The modernization and expansion of the railways was advanced through Mutual Security financing of freight cars, locomotives, and rails.

Railway assistance was requested by the GOI in July 1953, when the hearings on fiscal year 1954 program were virtually completed. After considerable negotiation a \$20 million program was approved in November 1953, because it represented one of the highest priority needs for Indian development. In fiscal year 1955 a \$10 million program for the railways was approved. An additional \$8.5 million was obligated to cover the added cost arising from procurement in the United States of 50 steam locomotives and 2,000 freight cars under the fiscal year 1955 program. In fiscal year 1956, \$28 million was requested for the import of industrial raw materials, including \$6 million of steel for the railways. This import program represented only a small part of India's development import requirement. A larger portion of the import program was allocated to the railway program in the light of continued requirement for the railway development.

India's commitment to repay \$45 million under the loan agreement signed March 22, 1955, stems from the whole of the fiscal year 1955 development assistance program. While the loan agreement does not specify which projects were financed from the loan, as a practical matter the railway program may be considered as a loan program. The same applies to the \$37.5 million loan extended in fiscal year 1956. An increasing amount of development assistance has been extended to India in the form of loans. MSP loans to India of dollars and local currency now total \$130 million.

Congressman MEADER's article in the April 1957 issue of the Reader's Digest cites a number of examples of alleged poor judgment in planning and of overprogramming, as illustrated by the program in Afghanistan. In the Reader's Digest research report, which appeared in the CONGRESSIONAL RECORD of July 15, 1957, the author characterizes the intent of the original article as being designed to show that "many millions of United States dollars are being spent to construct huge dams, irrigation works, and airline facilities beyond the ability of a primitive country to maintain, while inadequate attention is given to inexpensive projects on which any effective self-help and long-range development must be based."

In support of this thesis, the original article cited a number of recommendations made by a former ICA employee, Mr. Courtney Kimler, asserting that Mr. Kimler's practical, down-to-earth suggestions had been consistently ignored. The article also cited

a \$14.5 million airport construction project, which by implication substituted for the activities recommended by Mr. Kimler.

The major point singled out for criticism in the original article was a \$39.5 million dam construction project, purportedly designed for large-scale hydroelectric power generation as well as for irrigation.

On April 19, Mr. Hollister responded to the original article in a letter to Senator BUSBY. An attachment to that letter provided the history of the dam construction project, of certain of the Kimler recommendations, and of the airport project.

The Reader's Digest research report asserts that the ICA response to the original article was misleading in that it "takes Mr. Kimler's material completely out of context by deleting his major points." Further, it asserts—quite incorrectly—that "according to its own statements, ICA ever since 1953 has continued to put half of its money for Afghanistan into the Helmand Valley Dam * * *" and cites as further evidence reports of the House Special Study Mission to Middle East, South and Southeast Asia and Pacific and the ICA-financed Tudor Engineering Co. report on development of the Helmand Valley.

Mr. Courtney Kimler was sent to Afghanistan as Industry and Transportation Adviser on the regular staff of the United States Operations Mission early in 1955. He was posted home for health reasons in September 1955 and again in April 1956, and his total service on post in Afghanistan was less than 10 months. Congressman MEADER's article in the Reader's Digest quotes his recommendations as follows:

Help the Afghans to make better use of the good land they have," he advised. "Show them now to make \$5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle. Above all, show them how to build carts in their own villages, and how to grade a system of farm-to-market wagon roads such as the United States had at the turn of the century."

ICA's experience in these fields of activity has been as follows:

Since its inception in Afghanistan in 1952 the United States mutual security program has included technical assistance for agriculture and irrigation and technicians in Afghanistan have been trying to help Afghans to make better use of the good land they have. This effort is continuing.

The proposal to demonstrate a simple rug weaving rack for indoor use was adopted. The United States rug technician arrived within 6 weeks of Mr. Kimler's departure from Afghanistan. This too is a continuing project now involving two American technicians in the field—one, a woman who is able to deal more effectively with Afghan women who do much of the handwork on rugs and textiles.

A basic transportation system is one of Afghanistan's major development needs. As one means of examining certain aspects of this problem, ICA, early in 1954, had requested a special appraisal of the Afghan highway system and a competent engineer from the United States Bureau of Public Roads then stationed in Turkey was detailed for this purpose. The resulting report on improvement of the road net was completed in March-April 1954. As one result it led to the establishment of a project to improve the highway maintenance organization with which ICA is now assisting the Government of Afghanistan. Cross country and local transportation facilities and equipment are a basic problem. There is virtually no wood available in Afghanistan for commercial uses from domestic sources, nor is there any significant metal production to supply materials on which to base an economic local village level program of construction of carts. Mr. Kimler had attempted to work out a

program for local transport with a proposal to obtain wheeled sections, carts, trailers, under-carriages and United States Army material carriers from surplus supplies for transfer to Afghanistan. This depended on the assumption that the local communities in Afghanistan could then provide the necessary extra materials and labor needed to modify these items for ordinary local transport use.

Difficulties loomed on both sides. These included difficulties in supplying a qualified specialist to replace Mr. Kimler to advise the Afghans on ways and means of carrying out such a local program, higher priorities from the Afghan point of view for use of the limited funds available, high costs of transportation to Afghanistan relative to the equipment involved, and other unresolved practical difficulties of skills and supplies, which finally led to the conclusion that this limited proposal could not be effectively implemented.

Since the 1954 road appraisal this field of activity has continued to receive attention in discussions with the governments of Afghanistan which regards improvement of the road system as essential to further economic development. There is now an engineering advisory team in Afghanistan advising the Afghan Government on maintenance and improvement of the road system.

In consideration of the importance to Afghanistan of improved communications with other countries there is now underway a survey of potential road and rail transport facility needs for communications links with the free world through India and Pakistan.

The "research report" again refers to the Helmand Valley in the following terms:

"According to its own statements, ICA ever since 1953 has continued to put half of its money for Afghanistan into the Helmand Valley Dam, which an American company started to build for the country and for which we've so far advanced an additional \$39 million in loans through the Export-Import Bank. The ICA memorandum now says: 'Unfortunately, the whole project was not adequately planned by the Afghan Government. However, so much had already been done that ICA has tried to help the Afghan Government realize as much as possible on its investment and has provided Afghanistan with technicians as advisers on the project.'

"What does this 'help' consist of?

"1. Here is what a House Foreign Affairs Committee study mission has to say after looking in on the Helmand Valley project in late 1955:

"In addition to the Export-Import Bank loans, the United States has given technical assistance to Afghanistan through fiscal year 1956 totaling \$8,868,000. * * * Nearly half has been for the purpose of supporting the Helmand Valley project. * * * The emphasis of the work currently is to provide irrigated lands upon which to settle the nomads. Subsequently it is planned to generate hydroelectric power. * * * There is, however, a question whether this project is too ambitious for a country that is almost entirely frontier. The irrigation potential is limited by the Government's ability to induce the tribesmen, most of whom are in the north, to become a settled pastoral people in the south. Power demand is nonexistent in the area where it is to be generated. To transmit it to the scattered settlements and light industries over the country will require costly installations and highly trained personnel." (pp. 72-73), report of House Special Study Mission to Middle East, south and southeast Asia and Pacific, March 1, 1956).

8. A 203-page printed report on development of Helmand Valley, prepared by the Tudor Engineering Co. at ICA's request in November 1956—but never officially released to the press—declares:

"It's (ICA's) program has not been very effective in raising general agricultural production or improving the welfare of the people of the valley. Projects have tended frequently to stimulate unrealistic expectations among the Afghans or fall short of meeting primary needs. Technical assistance has in some cases been diverted into experimentation with crops and strains of livestock rather than toward direct help in the improvement of farm methods and in demonstrations and training to meet the basic problems. The program has been handicapped seriously by the lack of a sufficient number of Afghan counterparts (technically trained officials) to receive and profit by their advice' (p. 4).

"The engineering company also reports—without saying who will supply the cash—that the project will cost more than \$40 million to complete under a salvaging program that it recommends, with \$24 million to be required, over the next 3 or 4 years' (pp. 5, 172-173).

From 1952 to 1955, inclusive, about half of the ICA technical cooperation program in Afghanistan supported the Helmand Valley development. Actually both dams and major civil works were completed before any mutual security funds were made available to Afghanistan. The implication in the statement that \$39 million of mutual security funds was loaned to the Afghans through the Export-Import Bank is fallacious. This money was loaned by the Export-Import Bank.

The desirability of this project in its inception was not a matter of official United States Government determination. The Afghans began it in the mid-thirties and it continued until 1950, wholly financed by the Royal Government of Afghanistan. The Export-Import Bank agreed in 1950 to assist this Afghan operation in the light of economic and political considerations prevailing. ICA's role, beginning in 1953, has been to assist the Afghans in taking over the management of their tremendous undertaking which was admittedly beyond their demonstrated capacity at that time. This is a fundamental objective of the mutual security program, especially the technical assistance element, in any friendly country which has demonstrated a bona fide interest and effort to help itself.

With reference to the power component of the project, ICA recognizes the limited market for power resulting from the Helmand Valley undertaking. For that reason only 2 diesel generators (total 1,000 kilowatts), and some elements of a distribution system for the city of Kandahar are being financed by the fiscal year 1957 mutual security program. Installations for an additional 128,000-kilowatt power potential are being deferred until markets will justify.

ICA does not maintain that its technical assistance in the Helmand Valley has been uniformly successful. The deficiencies noted in the RECORD from the Tudor Engineering Co.'s report reflect many similar conclusions of ICA. It was for that reason that the Tudor firm was originally put under contract, since the continued frustration experienced by ICA's field staffs required an objective look and a complete reappraisal of the Helmand Valley operation before ICA became more active in the undertaking. Although the Reader's Digest statement implies that the Tudor report is highly critical of the Helmand Valley project, the report is in fact very optimistic as to future prospects and cites the substantial gains already achieved, an estimated increase in annual income of nearly \$10 million, with the expectation that this increase will rise to about \$24 million annually within the next 6 to 8 years. The first page of this report states that:

"The current program of providing a supply of irrigation water to newly developed

lands and a supplemental supply to lands which have long been cultivated was initiated by the Government of Afghanistan in 1946. This program has already produced an estimated average additional gross income in the Upper Helmand Valley of nearly \$10 million per year (calculated at the official rate of exchange). It is estimated that with the completion of the program of development proposed in this report, the additional gross income will increase to about \$24 million per year within the next 6 to 8 years.

"We consider that general progress in the Helmand Valley is already proof of substantial benefit to the Nation. There has been some disappointment that it has not been more rapid and spectacular in its demonstrated benefits but, in large measure, this is because in many instances unrealistic expectations were entertained. It has been the invariable experience with comparable reclamation projects in the United States that time is an essential element in the ultimate and full success of such developments. The Helmand Valley development can be no exception.

"We believe that experience so far has demonstrated that the current development program should be modified and that some changes in land utilization should be made, if the earliest and best results are to be obtained. In particular there should be a rescheduling of work so that development of the land does not lag seriously behind the delivery of water. We believe that more effective emphasis should be placed on the training and equipping of the individual farmers. If these and other recommendations contained in the report are carried out, we are confident that the Helmand Valley development will prove of great and lasting benefit to Afghanistan."

THAILAND

The Reader's Digest research report asserts that records of the ICA and its predecessor agency, the FCA, reveal a somewhat different story from that told in ICA's initial comment on the statements regarding assistance to highways in Thailand which appeared in Congressman MEADER's article in the April 1957 issue of the Reader's Digest. Through selected quotations from certain ICA press releases and other material, the research report implies that ICA has attempted to conceal certain basic facts with respect to this project. In analyzing these statements in the research report the ICA has selected the following separate issues on which it wishes to comment.

1. Cost estimates for the Northeast Highway: The research report asserts: "Although the engineering team made its report in December 1954, press releases issued throughout the following year kept any higher estimates carefully concealed. * * * Only on February 6, 1956, does an ICA release (No. 96) get around to stating that: 'total cost of the 200-mile road is to be about \$22 million * * *' but with no indication that a decision has been made to build only half of it for \$18 million." The research report then calls attention to an ICA report noting that the cost of the second half of the Northeast Highway will be about \$11 million, which, added to the \$18 million for the first half of the highway, makes a total cost of \$29 million for this highway alone—"one originally justified as costing the American taxpayer only \$6½ million to complete."

ICA comment: As indicated in the previous ICA memorandum, the \$6½ million estimate (plus a \$1 million Thai contribution in local currency) was a preliminary cost figure, based on generally unchecked Thai data. The statement in the research report that the higher estimates made later were carefully concealed is based on two press releases. The second of these releases dated June 28, 1955, announced that FOA "will provide \$6½

million to help Thailand start construction of the proposed Northeast Highway." This was a routine release covering the amount of money to be made available for this project from fiscal year 1955 funds, and it specifically stated that this was to help Thailand "start" construction. It did not represent an effort to conceal the total estimated cost. As of that date, only \$6½ million was available for this project, and the press release simply reported the amount which the United States had firmly committed for the financing of this project at that time.

The research report emphasizes that it was "only on" February 6, 1956, that the ICA released the information that the total cost of the 200-mile road then was estimated to be about \$22 million. ICA fails to see why this constitutes evidence that there was an effort to carefully conceal the higher estimates. The press release in question was not addressed primarily to the Northeast Highway but was a general summary of the current program of assistance to Thailand. Moreover, press releases generally do not purport to represent systematic reports of progress on projects but to make available selected items of information considered newsworthy and of interest to the press. The full facts with regard to costs of this highway were available to all interested persons and fully known to those concerned, both in and out of the Government.

The research report notes that the 200-mile highway project now estimated to cost a total of \$29 million was "one originally justified as costing the American taxpayer only \$6½ million to complete." It is true that when a decision to proceed with assistance to this highway was first made, the tentative estimate of its cost was \$6½ million (plus \$1 million Thai contribution in local currency). However, before action was taken to implement the decision, the ICA took the initiative in arranging for a reconnaissance survey to determine more precisely the specifications and cost. This survey established a much higher estimate of cost, which therefore was fully known and accepted by ICA before engineering and construction contracts were let. The controlling element in the decision to proceed with this project, in spite of the larger cost, was the potential strategic importance this highway had acquired as seen in the light of developments that had recently taken place in the Indochina states to the north.

2. The Northeast Highway as a "dramatic demonstration": The Reader's Digest article by Congressman MEADER stated that in Thailand a 200-mile asphalt road was undertaken as a 1-year, \$6½ million "dramatic demonstration" of United States efficiency in peaceful pursuits. Commenting on this point the previous ICA memorandum stated that the "purpose of this road was not basically to provide a dramatic demonstration." The research report seems to consider this to be in contradiction of a statement made in an early press release which stated: "The Northeast Highway project will serve as a dramatic demonstration to the people of that area of the interest held by the Thai Government and the United States in their welfare and an example of United States efficiency in peaceful pursuits."

ICA comment: ICA reiterates its initial contention that the purpose of this road was not basically to provide a "dramatic demonstration," nor did the press release from which the quotation was drawn state it as such. The press release, as quoted above, stated only that the road "will serve as * * *." Undoubtedly, the road will serve the purposes mentioned, but these purposes are not the basic ones for which the project originally was undertaken. Rather, this road constituted one of the first elements of the new defense-support program undertaken in Thailand, in mid-fiscal-year 1955, in response to the increased threat to its security that had arisen as a result of Commu-

nist successes in Vietnam. In this situation it would serve to increase the mobility of Thailand's defense and internal-security forces.

3. Work during the rainy season: The research report presents additional information in support of the Reader's Digest original statement that high-priced American personnel under contract "have to be paid during the 6-month rainy season, when they can only sit."

ICA comment: The ICA reaffirms, as stated in its previous memorandum, that "engineering and construction operations in Thailand proceed throughout the rainy season with comparatively little lost time because much of the highway is being built through a semiarid part of the country."

The rainy season is approximately from June to November. In the first year of work, 1955, only a few engineering personnel went to Thailand for preparatory engineering work in July and August. Advance parties of construction personnel also proceeded to Thailand during the period August to November, to make necessary preparations for commencing construction operations at the beginning of the next dry season. This arrangement to send personnel to Thailand only as they could be properly utilized prevented paying salaries to those who, because operations were not yet underway, might otherwise have been used inefficiently.

Subsequently, field operations have continued through rainy seasons. It is common for construction and earth-moving operations to proceed in Thailand throughout the rainy season, even in areas where the rainfall is higher than that of the Northeast Highway area. Moreover, a good portion of the Northeast Highway is located in an area where the annual rainfall is about the same as that of Washington, D. C., and where the rain presents no serious problem. In addition, there are numerous tasks incident to this project, such as opening rock quarries, setting up rock crushers, and building base camps, that are not significantly affected by rainy weather, to which work crews are diverted if rain should temporarily interrupt other operations.

Mr. CARNAHAN. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1957."

Mr. CARNAHAN. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

CORRECTION OF RECORD

Mr. SISK. Mr. Speaker, I ask unanimous consent that the permanent RECORD be corrected. In a statement I made on yesterday on page 10575 with reference to the bill H. R. 3658, where the word "creates" appears it should be "alleviates."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

RETURNING FEDERAL FUNCTIONS TO THE STATES

(Mr. PELLY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PELLY. Mr. Speaker, yesterday I introduced House Resolution 318 which would amend rule XI of the Rules of the House of Representatives to provide for a study from time to time of the feasibility and desirability of the discontinuance, in whole or in part, by the Federal Government of the levy and collection of one or more Federal taxes with a view to affording the several States the opportunity to obtain additional revenue so they may assume the full financing and management of projects and programs presently receiving Federal grants-in-aid which, in the opinion of the House Committee on Ways and Means, should be the responsibility of the State or local government.

Previously, Mr. Speaker, I had introduced a joint House-Senate Resolution authorizing and directing a joint study of relinquishing Federal income to the States for the financing of such programs. However, it seemed to me on fuller reflection that more effective results could be obtained by a House study rather than by a joint House-Senate study. This latter suggestion, as a matter of fact, was made to me by the gentleman from Ohio [Mr. Bow] during a special order I obtained to discuss the subject of grants-in-aid to the States.

Since President Eisenhower on June 24 requested the Governors' Conference to cooperate with the administration and to set up a committee to explore his proposal of returning certain Federal functions to the States, there has been widespread discussion of the idea of reappraisal of Federal-State relationships.

On June 30 the Joint Committee on Reduction of Nonessential Federal Expenditures made a timely report. This showed that State and local governments received payments during fiscal 1956 through 54 Federal programs, and individuals received similar grants through another 22 programs. The total expenditures for this year amounted to \$5.2 billion. Since 1934 the 23-year expenditure, not including Federal overhead, has averaged \$3.5 billion a year or a total for the period of \$80.5 billion according to this report compiled from Treasury Department information.

Mr. Speaker, let me say with all due emphasis I do not seek by my resolution the compilation of more statistics. I want action. My purpose is to activate a second step. It is to activate policy based on existing facts and information.

In 1949 the Report on Organization of the Executive Branch of the Government was printed, which was a study of Federal-State relationships by the Council of State Governments. This same group published in September 1956 an analysis of laws in force in connection with grants-in-aid to States. There are plenty of statistics and information available.

For example, as the Members of the House know, the Commission on Intergovernmental Relations, of which Meyer Kestnbaum was Chairman, made some excellent studies of the impact of Fed-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: House debated mutual security authorization bill. House Rules Committee cleared bill to provide budgeting on accrued expenditure basis.

HOUSE

1. FOREIGN AID. Continued debate on S. 2130, the mutual security authorization bill. (pp. 10842-71, 10872-73, 10876-77). Agreed, 106 to 100, to an amendment by Rep. Bentley, as an amendment to a committee amendment, to reduce the authorization for defense support from \$700 million to \$500 million, which included a discussion as to whether additional funds from the sale of surplus commodities under Public Law 480 could be used for defense support purposes. The committee amendment, as amended, was agreed to 87 to 74. (pp. 10865-71)
2. BUDGETING; TRANSPORTATION; GRANTS-IN-AID. The Rules Committee reported resolutions for consideration of the following measures: p. 10879
H.R. 8002, to provide for the stating of appropriation estimates on an accrued expenditure basis.
H.R. 3233, to amend Sec. 22 of the Interstate Commerce Act so as to provide for transportation of Federal property free or at reduced rates.
H. Res. 312, to create a select committee to conduct an investigation of Federal grants-in-aid (H. Rept. 823), with amendment.
3. PUBLIC WORKS; PUBLIC BUILDINGS. The Public Works Committee ordered reported the following bills: p. D664
S. 497, with amendment, the rivers and harbors and flood control bill.

S. 2261, with amendment, to amend and extend the Public Buildings Purchase Contract Act of 1954, as amended, and to require certain distribution and approval of new public building projects.

4. ELECTRIFICATION; RECLAMATION. The Interior and Insular Affairs Committee voted to proceed to consideration of H.R. 5, to authorize construction of the Hells Canyon Dam. p. D663

The Public Works Committee ordered reported H.R. 8643, to authorize the construction of certain works of improvement in the Niagara River for power. p. D664

5. VIRGIN ISLANDS; CIVIL DEFENSE. The Government Operations Committee approved the following reports: Operations of the Virgin Islands Government and the Virgin Islands Corporation, and Status of Civil Defense Legislation (Eighth Report by the Committee on Government Operations). p. D663

6. SMALL BUSINESS. Rep. Zablocki discussed the condition of small businesses and urged the passage of legislation for its relief. pp. 10874-75

7. RECORDS; PROPERTY. Both Houses received from GSA a proposed bill entitled "A bill to amend section 507 and subsection 602 (a) of the Federal Property and Administrative Services Act of 1949, as amended" (regarding records and surplus property); to Government Operations Committee. pp. 10774, 10879

SENATE

8. APPROPRIATIONS. Sens. Ellender and Flanders were appointed as additional conferees on H.R. 7665, the Defense Department appropriation for 1958. p. 10788
9. WHEAT. Received from the N.D. Legislature a resolution urging a revision of the laws and regulations governing acreage control of durum wheat farmers to encourage the production of more durum wheat. p. 10774
10. FARM PROGRAM. Sen. Langer inserted a resolution of the Grant County, N.D., Farmers Union, urging payment for the soil bank based on the historical acres rather than the allotted acres, with a maximum of \$5,000 for such payments or for commodity loans. p. 10775
11. ELECTRIFICATION. Sen. Langer inserted a resolution of the Lower Yellowstone Rural Electric Ass'n, Mont., opposing any increase in REA interest rates (p. 10775), and the minutes of the Verendrye Electric Cooperative, N.D., with resolutions opposing "dishonest" private power company advertising, affirming their support of the preference clause, opposing any increase in REA interest rates, supporting a Federal dam in Hells Canyon, and urging the President to appoint new TVA board members carefully (p. 10776).
12. FEED GRAINS. The Department's recent report to Congress, "Possible Methods of Improving the Feed-Grain Program," includes a recommendation "that the price of corn be supported in the same manner as prices of other feed grains, namely, oats, barley, and grain sorghums. Under this proposal there would be no acreage allotments for corn or the other feed grains."
13. STATEHOOD. Sen. Kuchel urged passage of the bills to admit Hawaii and Alaska into the Union, and inserted an editorial "Overdue Statehood." p. 10795

ida district there were two judges who apparently were alien to the State of Florida, and that therefore they might be under the control of the Attorney General. That statement was made following a statement by the Senator from New York that nearly all the judges in the South are southern born, southern bred, and southern educated.

Representative VANIK, of Cleveland, placed in the CONGRESSIONAL RECORD on Tuesday, July 9, the biographies of 46 of the United States district judges in the southern districts. The biographies will be found on pages A5483 through to, and including, A5486 of the Appendix to the RECORD.

For the Florida districts there are five judges listed. As the Senator from Florida has said, two of them were born outside Florida. The other three—Dozier A. De Vane, George W. Whitehurst, and Bryan Simpson—were born in Florida, educated in Florida, and practiced law in Florida—in fact almost continuously, I believe.

Two of the judges were born outside Florida. One of them, William J. Barker, although not born in Florida, was born in the neighboring State of Georgia, which is equally southern.

Mr. HOLLAND. Thank God for that, Mr. President. [Laughter.]

Mr. DOUGLAS. I may say that he was educated in Georgia, at a Georgia college. Certainly the Senator from Florida [Mr. HOLLAND], who himself was educated at a Georgia college, could not say that one loses his Florida citizenship or his interest in Florida by being educated in Georgia. But Judge Barker there began his legal practice in Florida, in Jacksonville, over 40 years ago.

Finally, the fifth judge is Emmett Clay Choate, who, it is true, was born in Ohio, was educated at the University of Indiana, and practiced law in Indiana, Oklahoma, and New York. But, like so many other persons, he came to Miami, in 1925; and he has been there 32 years, which is a longer period of residence than that of the average citizen of Florida. So I think after 32 years he ought to be considered a Floridian.

Now, Mr. President, I wish to make one other point. Of these 46 district judges, the biographies will show that Judge Choate is, I think, the only one who was born outside the South.

Mr. HOLLAND. Mr. President, will the Senator permit a correction? I know he wants to be correct. There are

6 judges, 5 in our district, and he has named 1 in the northern district. The sixth judge, Judge Lieb, should be shown on his list. I should like to have the Senator mention him also, because he is a very distinguished judge.

The Senator is about 3 years behind in his figures, but I am not surprised at that. It is not the only place where the Senator is behind in facts.

Mr. DOUGLAS. I shall have Judge Lieb's name added to the list, which was prepared and submitted by Representative VANIK. His list is presumably based on the latest register of Federal judges and includes biographical data for all those for whom it was readily available.

Of the 46 district judges listed, Judge Choate is the only one not born and educated in the South.

Amongst the district judges listed is Ben C. Connally, born in Marlin, Tex. A perusal of Who's Who shows that he is the son of our former colleague, Tom Connally.

A district judge in South Carolina is George B. Timmerman. A perusal of Who's Who indicates he is the father of the present Governor of South Carolina, George B. Timmerman, Jr. Governor Timmerman has taken a most violent stand on this question, so it can hardly be said that his father would be prejudiced against the white South.

A brother of the distinguished senior Senator from Georgia [Mr. RUSSELL] has been a district judge, and unless something has happened since the last biography—

Mr. HOLLAND. He has passed away.

Mr. DOUGLAS. I am sorry. He was subsequently a circuit judge in the United States Court of Appeals.

So it goes. I think the statement of the Senator from New York that those judges are overwhelmingly southern born, southern bred, southern educated, and have practiced law in the South, is borne out by the facts and figures.

These men, as the Senator from New York has pointed out, cannot be regarded as prejudiced against the white traditions of the South. On the contrary, the presumption may well be that they have some prejudice in favor of their native area and its prevailing traditions.

But they are sworn to follow the law, and they are insulated in some degree from the passions and prejudices of the community around them by the fact of life tenure.

That is all I wish to say. I want to commend the Senator from New York

for the able analysis he is presenting to the Senate.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GOLDWATER. The junior Senator from Arizona, having just entered the chamber and looked around, should like to ask, Are the Republicans on the correct side of the aisle?

Mr. JAVITS. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. HOLLAND. Mr. President, will the distinguished Senator allow me to make one more statement?

Mr. JAVITS. If the Senator will allow me to finish, I shall be through in a minute.

Mr. HOLLAND. I shall wait until tomorrow morning.

Mr. JAVITS. I would appreciate that very much.

I accept the statements of fact read by my colleague from the RECORD. I was drawing on my recollection with respect to the judges who serve in the South. I referred also to their staffs. I think we can get and produce for the RECORD, which I shall undertake to do, a very accurate documentation on this subject, bringing that information up to date.

Now I should like to yield to my colleague from Illinois.

Mr. DIRKSEN. I thought the distinguished Senator from New York wanted to catch a plane.

Mr. HOLLAND. Mr. President, I shall gladly defer my questions until tomorrow morning.

Mr. MANSFIELD. Mr. President, under the unanimous consent agreement, it is the understanding that following the morning hour on tomorrow the Senator from New York will again resume the debate. Is that correct?

The PRESIDING OFFICER. That is correct.

RECESS

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess, in pursuance of the order previously entered.

The motion was agreed to; and (at 6 o'clock and 18 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, July 18, 1957, at 12 o'clock meridian.

House of Representatives

WEDNESDAY, JULY 17, 1957

The House met at 12 o'clock noon.

Father Eugene F. Claraham, of Corpus Christi Church, Wilmington, Del., offered the following prayer:

O Lord God, King of heaven and of earth, may it please Thee this day to direct and sanctify, to rule and to govern our hearts and our bodies, our thoughts, our words, and our actions according to Thy law and in the observance of Thy commandments that our decisions may reflect a spirit of love toward our neighbor, enabling us to be compassionate toward their necessities.

Grant us, likewise, the understanding and the grace to love all men as our brother with a pure and disinterested love, assisting them all, if not with material help, at least by our prayers and good counsel. Inspire us to defend the honor and the sanctity of the Christian family that our goal may be one with theirs—the sanctification of all members of the human race.

Pour forth Thy blessings and Thy mercies upon all persons for whom by reason of duty, charity, or friendship we are bound to serve.

This we beseech Thee, O God, through Jesus Christ Thy Son, our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. LANE'S remarks will appear hereafter in the Appendix.]

FHA INTEREST RATES

(Mr. VANIK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. VANIK. Mr. Speaker, the reports of administration intention to raise the FHA interest rates to 5¼ percent while ignoring the lower downpayment requirements recently enacted by Congress, serves to extend the spiraling Eisenhower inflation into the cost of using money for home building.

In effect, the administration is using that part of the Housing Act of 1957, which permits FHA to raise interest rates, while at the same time it is exercising a substantial veto of the congressional mandate to lower Federal Housing Administration downpayment requirements. This can only have one effect. The construction of low-cost housing so badly needed throughout the

Nation will be deferred for a period of even higher costs. This will not be welcome news for the millions of overcrowded and ill-housed American families.

INTEREST RATE ON GOVERNMENT GUARANTEED MORTGAGES

(Mr. PORTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PORTER. Mr. Speaker, an alarming possibility confronts this Congress. I refer to the administration's most recent denial of congressional direction: The impending decision of the administration to refuse to lower the downpayment requirements of the Federal Housing Administration and the strong probability that the administration will boost the interest-rate ceiling on Government-backed mortgages.

News stories in two reliable newspapers, the New York Herald Tribune and the Wall Street Journal, tell us of this. At least two of my colleagues have strongly decried such administration action.

Such an imminent decision on the part of the administration smacks of complete misunderstanding of the woeful plight of the home-building industry. Unnamed administration spokesmen say higher interest rates and continued unlowered FHA downpayments will avert inflation.

May I point out that earlier moves to curb inflation by this administration have generally boomeranged. May I state that this planned decision can well throw this Nation into an economic plight which could launch us into a depression as well as cut the heart from an industry and its allied branches.

I represent a district whose residents make their living primarily from the lumber and timber industry. Today Oregon suffers from extremes of unemployment, men and women are leaving because of inaction in the labor market. There are no buyers for the lumber products.

Why? The answer is fantastically simple. Men who would own homes cannot afford high downpayments and high interest rates. Contractors who would buy lumber from the sawmills with which to build homes have no home buyers. Lumbermen have decreased or nonexistent markets.

The forthcoming move by the administration will not correct this cycle. I respectfully urge the President and his advisers to take an immediate and necessary second look before this country suffers an unnecessary and harsh economic wound.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 146]

Anderson, Mont.	Grant	Prouty
Bartlett	Healey	Sieminski
Beamer	Holifield	Simpson, Pa.
Bowler	Holtzman	Teller
Byrne, Pa.	Kearney	Thompson, N. J.
Celler	Knox	Thornberry
Christopher	Knutson	Vursell
Dawson, Ill.	McConnell	Willis
Eberharter	O'Konski	
	Powell	

The SPEAKER. On this rollcall 407 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1957

Mr. GORDON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2130, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read section 1 of the bill. If there are no amendments to this section the Clerk will read.

Mr. CARNAHAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CARNAHAN. Inasmuch as the House is acting on a Senate bill and committee action would be in the form of amendments to this bill will the committee amendments be acted upon before amendments which may be offered from the floor?

The CHAIRMAN. In reply to the inquiry of the gentleman from Missouri the Chair will state that the committee amendments will be considered before amendments from the floor.

Mr. CARNAHAN. And will be acted upon a section at a time?

The CHAIRMAN. The bill will be read by sections. Committee amendments will be considered before amendments offered from the floor.

Mr. HOFFMAN. Mr. Chairman, I offer a privileged motion.

The Clerk read as follows:

Mr. HOFFMAN moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes in support of his motion.

SHADOW BOXING

Mr. HOFFMAN. Mr. Chairman, through our foreign-aid policy from June of 1945 to July of 1946, the United States spent \$69,136,000,000 to stop the spread of communism.

Is it not absurd, as well as futile, to spend billions to stop the spread of communism in other countries unless we have and enforce adequate legislation to prevent the Communists carrying on their propaganda and activities here in the United States of America. That we lack that legislation is evident from the editorial published in the July 20 issue of the Saturday Evening Post, which is now on the newstands.

Permit me to read that editorial:

IT'S UP TO CONGRESS TO SALVAGE OUR SECURITY SYSTEM

On August 1, 1950, the United States Court of Appeals, affirming the conviction of 11 top Communists in Judge Medina's New York courtroom the previous year, made this observation:

"The question before us, and the only one, is how long a government, having discovered such a conspiracy, must wait. When does the conspiracy become a 'present danger'? The jury has found that the conspirators will strike as soon as success seems possible, and obviously no one in his senses would strike sooner.

"Meanwhile they [the Communists] claim the constitutional privilege of going on indoctrinating their pupils, preparing increasing numbers to pledge themselves to the crusade and awaiting the moment when we may be so extended by foreign entanglements * * * that the chance seems worth trying. That position presupposes that the amendment assures them freedom for all preparatory steps and in the end the choice of initiative, dependent upon that moment when they believe us, who must await the blow, to be worst prepared to receive it."

The court of appeals rejected the role of "sitting duck" for the United States and affirmed the convictions under the Smith Act.

But on June 17, 1957, the United States Supreme Court, in a 6 to 1 decision on a case dealing with the same kind of activity which resulted in the conviction of 11 Communists in Judge Medina's court, and arising under the same statute, upset the conviction of a group of California Communists.

The grounds for this extraordinary action were (1) that the district judge in California had not given the same charge to the jury that was given by Judge Medina in the New York case, and (2) that the statute of limitations had run on the organization of the Communist Party in 1945 and, therefore, the defendants could not be charged with a part in organizing it. Most people would assume

that the indictment meant that the defendants had organized Communist cells and units, whether or not they were involved in the original organization of the party. Anyway, on these narrow grounds, these particular Communists were freed or granted new trials.

Such a narrow interpretation ignores the purposes of the Communist Party and its schedule for achieving them. It ignores the years of spadework—infiltration of Government, press, and education; establishment of summer camps for children; special courses in Communist subversion with post-graduate work at Lenin University; the "colonization" of labor unions and even some corporations; the forging of passports; the blackmailing and even murder of reluctant recruits; the expert smearing of former Communists and members of congressional committees. These are activities which the Smith Act is designed to discourage. The Supreme Court has made it difficult to enforce.

No wonder the former chairman of the Los Angeles Communist Party calls the Court's decision "the greatest victory the Communist Party in America has ever received." Such jubilation is indeed justified. In other decisions the Supreme Court has excluded the States from a part in the fight against the Red conspiracy—as if the collapse of the Nation were a matter of indifference to its 48 component parts. The Court has also decreed that the FBI must in certain circumstances open its files to Communists and their lawyers, thus effectively maiming the FBI.

Finally, having made things as difficult as possible to convict a Communist conspirator, the Court took a healthy swing at the efforts of Congress to find out how the conspirators operate. In the Watkins case the Chief Justice ruled that a witness could not be convicted of contempt for refusing to answer a question, because the chairman of an investigating committee was not sufficiently explicit in informing the witness as to the legislative purpose of the question asked.

All the Communists need do is ask what legislative purpose is behind a question and leave it up to the Court to decide, after a year or two, whether the committee chairman gave the right answer. With these rules in effect, Alger Hiss might have escaped prosecution for perjury simply by challenging the committee's authority.

How much of this damage can be repaired by Congress is a matter for speculation. Representative HOWARD W. SMITH of Virginia, for whom the Smith Act is named, is pessimistic. He sees little use in amending the law so long as the statute becomes "whatever the present Court interprets it to be." Nevertheless, something will have to be attempted to render judge-proof our defenses against internal Communist subversion. Surely the country cannot leave the last word on this vital matter to 6 or 7 men in black robes whose understanding of the Communist conspiracy appears to have been derived from editorials in liberal weeklies.

Note again these paragraphs:

On August 1, 1950, the United States Court of Appeals, affirming the conviction of 11 top Communists in Judge Medina's New York courtroom the previous year, made this observation:

"The question before us, and the only one, is how long a government, having discovered such a conspiracy, must wait. When does the conspiracy become a 'present danger'? The jury has found that the conspirators will strike as soon as success seems possible, and obviously no one in his senses would strike sooner."

* * * * *

The Court of Appeals rejected the role of sitting duck for the United States and affirmed the convictions under the Smith Act.

The Supreme Court of the United States did not reverse that conviction. It still stands.

But on June 17, 1957, the United States Supreme Court, in a 6 to 1 decision on a case dealing with the same kind of activity which resulted in the conviction of 11 Communists in Judge Medina's court, and arising under the same statute, upset the conviction of a group of California Communists.

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Read again the last paragraph of the editorial:

How much of this damage can be repaired by Congress is a matter for speculation. Rep. Howard W. Smith, of Virginia, for whom the Smith Act is named, is pessimistic. He sees little use in amending the law so long as the statute becomes "whatever the present Court interprets it to be." Nevertheless, something will have to be attempted to render judge-proof our defenses against internal Communist subversion. Surely the country cannot leave the last word on this vital matter to 6 or 7 men in black robes whose understanding of the Communist conspiracy appears to have been derived from editorials in liberal weeklies.

The Congress is not helpless. The power of the court arises out of article III of the Constitution. That article contains but three sections:

ARTICLE III

SECTION 1. The judicial power of the United States, shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the supreme and inferior courts, shall hold their offices during good behaviour, and shall, at stated times, receive for their services, a compensation, which shall not be diminished during their continuance in office.

SEC. 2. The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to all cases affecting ambassadors, other public ministers, and consuls; to all cases of admiralty and maritime jurisdiction; to controversies to which the United States shall be a party; to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under grants of different States, and between a State, or the citizens thereof, and foreign states, citizens, or subjects.

In all cases affecting ambassadors, other public ministers, and consuls, and those in which a State shall be party, the Supreme Court shall have original jurisdiction. In all the other cases, before mentioned, the Supreme Court shall have appellate jurisdiction, both as to law and fact, with such exceptions, and under such regulations as the Congress shall make.

The trial of all crimes, except in cases of impeachment, shall be by jury; and such trial shall be held in the State where the said crimes shall have been committed; but when not committed within any State, the trial shall be at such place or places as the Congress may by law have directed.

SEC. 3. Treason against the United States, shall consist only in levying war against them, or in adhering to their enemies, giving them aid and comfort. No person shall be convicted of treason unless on the testimony of two witnesses to the same overt act, or on confession in open court.

The Supreme Court derives its authority from section I. It has no grant of other or additional power. The scope of its jurisdiction is expressly limited by section II. Clause 3 of that section provides for a jury trial of all crimes except in cases of impeachment. Section III merely defines treason.

The Constitution does not establish any Federal courts except the Supreme Court. The Congress, and the Congress alone, has authority to ordain and establish all other courts. What the Congress can establish, it can abolish. Hence, it follows that if the Congress so declares, the judicial department of the Government would consist only of one Supreme Court, expressly limited in its jurisdiction to the cases cited in section II.

That the Congress can curb the Supreme Court—and that by constitutional procedure under the grant of power given it by the Constitution—is evident from a reading of that document. Just yesterday, David Lawrence, an able student of the Constitution and of government, pointed out the people's remedy against unsound decisions rendered by the Supreme Court, when he wrote:

ON CRITICIZING THE SUPREME COURT—DISSENTS BY TRIBUNAL'S OWN JUSTICES CITED AS UPHOLDING RIGHT TO OTHERS

This is the week when the American Bar Association is meeting in New York, and already there are the usual tirades against those lawyers and laymen who have had the temerity to criticize recent decisions of the Supreme Court of the United States.

The misleading theory that the Supreme Court is the last word and that, once the Court has spoken, there is no right of criticism or any opportunity to secure a reversal has been widely propagated.

Actually, Congress has authority over the Supreme Court and can nullify its decisions at will, in many instances by the simple method of specifying by law what cases the Supreme Court may or may not pass upon thereafter. The Constitution says:

"In all cases affecting ambassadors, other public ministers and consuls, and those in which a State shall be party, the Supreme Court shall have original jurisdiction. In all the other cases before mentioned, the Supreme Court shall have appellate jurisdiction, both as to law and fact, with such exceptions and under such regulations as the Congress shall make."

This means that Congress can issue a set of regulations in which it can be stipulated, for example, that the Supreme Court may not review or accept for appeal any cases involving testimony taken by committees of Congress relating to contempt or refusal to answer.

The Congress also could by law specify that no cases shall be received by the Supreme Court for appeal involving local law enforcement problems, such as the right of the Federal Government or a State or city or county government, to question before or after arraignment persons arrested and suspected of crime. Congress can specify that

these shall be hereafter decided by lower courts or specially constituted tribunals.

It is not generally realized that Congress has the power to create or abolish lower courts. The Constitution says:

"The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior, and shall, at stated times, receive for their services a compensation which shall not be diminished during their continuance in office."

Not only does the Congress have power to specify by law what good behavior means, but also what the district courts and the United States circuit courts of appeal shall rule upon. Through its power to ordain and establish special courts, Congress can deal with particular problems that may arise. The Constitution, indeed, gives a very narrow jurisdiction over cases to the Supreme Court and gives the widest jurisdiction to Congress to declare what cases the Highest Court may properly undertake to review.

If, therefore, the Congress wishes to pass a law stating that the Supreme Court shall not review any cases involving schools or educational problems, this can be done without violating the Constitution. Education can be left to State courts, and, when a Federal question arises, it can be given to Federal district courts for final judgment.

The people, therefore, have a right to appeal to their elected Representatives in Congress to take steps to curb what they believe is the recklessness and arbitrariness of the Supreme Court. It is an inherent right which the people have to express themselves on these points.

Certainly, the right to criticize cannot be denied to the people when the members of the Court itself exercise that privilege. It was Justice Clark of the Supreme Court who on June 17 last, in a dissenting opinion in the Watkins case, said:

"As I see it, the chief fault in the majority opinion is its mischievous curbing of the informing function of the Congress. * * * My experience in the executive branch of the Government leads me to believe that the requirements laid down in the opinion for the operation of the committee system of inquiry are both unnecessary and unworkable."

Here is a justice who tells the Nation that the investigative function of Congress itself has been seriously interfered with. He calls this mischievous. Yet there are persons who claim that what the Supreme Court has said is sacrosanct and that anyone who criticizes the Court is out of order. One President of the United States has said in a public speech that the decisions of the Supreme Court are not irrevocable. Another President, also in a speech, said:

"Our difficulty with the Court today rises not from the Court as an institution but from human beings within it. * * * We have reached the point as a Nation where we must take action to save the Constitution from the Court and the Court from itself. * * * The Court, in addition to its proper use of its judicial functions, has improperly set itself up as a third house of the Congress—a superlegislature, as one of the justices has called it—reading into the Constitution words and implications which are not there, and which were never intended to be there."

Certainly this is a legitimate form of criticism, and certainly there still is a right to differ and dissent from so-called judicial opinions as well as from presidential utterances.

While for the foreign-aid program there is now unspent \$8,200 million, we are today being asked to appropriate an additional \$3,200 million.

Insofar as an effective remedy against communism is involved in the discussion, permit me to repeat: Is it not absurd, as well as futile, to bleed our taxpayers white—impair our future ability to make our national defense secure—and, at the same time, fail to enact legislation which will effectively circumscribe or end the widespread activities of the Communists in our own country—yes, within our own Federal Government?

That thought I leave with you, and, Mr. Chairman, yield back the balance of my time.

Mr. HAYS of Arkansas. Mr. Chairman, I rise in opposition to the motion offered by the gentleman from Michigan [Mr. HOFFMAN].

Mr. Chairman, should the Committee adopt the motion offered by my friend, the gentleman from Michigan, we would lose an opportunity to pass upon one of the most important new proposals ever presented to the House. I refer to the provision in this bill for a loan development fund.

Since I did not take any time during general debate I have requested this 5 minutes to respond to the preferential motion in order that I might express an opinion about the tremendous new step proposed in that feature of the bill. All of us have heard over and over again the wistful statements in this House that we might come to an end of the expensive operation of fighting Communist aggression. It has not been so easy to go home and defend the Mutual Security Act because it has been expensive, our people are burdened, and we have looked hopefully for the end.

At the same time your Committee on Foreign Affairs has tried to confront this problem honestly, and in talking with our people at home or with the House we have never disguised the dangers as we see them. The danger is attributable, of course, to the aggressiveness of Russia. We would have problems if Russia did not have great power, did not have great military strength. We would have international communism to deal with as an ideology penetrating certain parts of the world if we should not deal seriously with the problem. We would doubtless have world problems even in the absence of communism. But, it is the communistic aggression fortified by Russian power that creates the magnitude, and as long as that exists, we cannot rest. And, if economic strength is necessary to supplement the military program, then certainly the people of the United States are willing to continue sacrifices to meet this problem and this threat. I was reluctant to go along at first. It was only because I found no alternative that suited me, that I concluded to support this measure. There is not any doubt about it being a great improvement over present procedures.

Mr. Chairman, it is important to observe that this is not an executive proposal submitted to the legislative branch of the Government. It bears the impress of legislative imagination and legislative thinking, and while there were some differences between the executive and the legislative, this is the executive response to our findings. It has the approval of the distinguished former

chairman of the Committee on Foreign Affairs, Mr. RICHARDS, of South Carolina, who, to some extent, altered his own thinking, as he said in the report which he was largely instrumental in submitting last year. He favors an economic program that provides hope for completion of important projects. He conceded that the general language, which he had inspired originally, simply suggesting congressional approval of continuing aid is not sufficient; that there has to be something in the nature of a long-range loan fund to provide assistance. This bill is in line with that idea. I hope that as differences are expressed in debate regarding the details, the House will hold onto the idea that at last we have come up with something that is different. We have provided something you have expressed a desire for, a new approach, and while many of the provisions of the bill maintain old ideas and procedures, the loan fund is a new, sound approach. It follows the principles of our capitalistic system. It also preserves the sense of pride of the recipient nations, these emergent new nations that are on our side so that they may maintain their economic independence and be potentially helpful. That is what we propose in this loan-fund program.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. FULTON. May I compliment the gentleman on his statement, because this development loan fund is so important a part of the program itself. Secondly, we in the House Committee on Foreign Affairs that have worked on this mutual-assistance program for a long time believe that it is time we moved from grants to loans in this program and that we can now have a revolving loan fund that could be supervised. So, I do want to compliment the gentleman on making the emphasis on the importance of the development loan fund in this bill.

Mr. HAYS of Arkansas. I thank the gentleman.

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan.

The motion was rejected.

Mr. BURLESON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURLESON: On page 1, after line 4, insert: "Section 2 of the Mutual Security Act of 1954, as amended, which expresses a statement of policy, is amended by the addition of the following paragraph at the end of the statement:

"(d) It is the sense of the Congress that the rights of our own citizens should not be sacrificed while the rights of freedom and self-government are secured to the peoples of other nations and that in order to insure justice, maintain the rights and privileges for our citizens who are serving with our Armed Forces in other countries, and promote the general welfare, the President should forthwith address to the North Atlantic Council, as provided for by article XVII of the NATO Status of Forces Agreement, a request for revision of article VII of such agreement for the purpose of eliminating or modifying article VII so that the United

States may exercise exclusive criminal jurisdiction over American military personnel stationed within the boundaries of parties to the treaty and that the President should take similar action with regard to the administrative agreement with Japan, as amended, and all other international agreements which give criminal jurisdiction over our Armed Forces to foreign governments which are parties thereto."

Mr. CARNAHAN. Mr. Chairman, I make a point of order against the amendment, that it is not germane to the bill.

Mr. Chairman, I shall reserve the point of order so that the gentleman from Texas may make his presentation, if he cares to do so.

The CHAIRMAN. The gentleman from Missouri [Mr. CARNAHAN] reserves his point of order.

Mr. BURLESON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BURLESON. I assume, if I may address myself to the amendment which I have offered, that likewise I will be recognized to speak on the point of order, should the gentleman from Missouri [Mr. CARNAHAN] press his point of order.

The CHAIRMAN. The gentleman is correct.

Mr. VORYS. Mr. Chairman, if the gentleman will permit, I think he would prefer it this way. I also make a point of order against the amendment and I feel that the point of order should not be reserved, so that the gentleman will then know whether his amendment is in order or not. I suggest it might be helpful if the Chair would rule on the question of the germaneness of the amendment before the gentleman proceeds.

Mr. BURLESON. Mr. Chairman, if the gentleman is assuming that it would be preferable to the gentleman who offered the amendment to proceed that way, I assure him that it is not. I should like very much for the gentleman to reserve his point of order as the gentleman from Missouri has done.

The CHAIRMAN. The point of order has been reserved and the gentleman from Texas [Mr. BURLESON] is recognized on his amendment.

Mr. BURLESON. Mr. Chairman, may I express my appreciation to my colleagues on the committee of their considerateness in reserving their point of order. I find myself in somewhat of a paradoxical position in offering this amendment. Heretofore I have thought it not proper to offer an amendment of this nature to the mutual-security bill. I have contended against it, with the hope and understanding that we should give attention to certain court cases then pending and that afterwards, having the opportunity to observe the outcome of those cases, we would have opportunity to meet this issue head on.

We thought we had that opportunity a few days ago when the Committee on Foreign Affairs by a vote of 18 to 8, with 1 voting "present," reported out the so-called Bow resolution, House Joint Resolution 16. Most of you are aware that House Joint Resolution 16 is now pending in the Committee on Rules. Pend-

ing is hardly the word. It is in the deep freeze, so to speak, in the Committee on Rules, and is not coming to this floor for your consideration. I am a little embarrassed over what happened, although I cannot explain to you what happened. It does not make much difference. It is not here before us for debate and it is not going to be here. Should anyone say that you will have the opportunity to resolve this issue and to express yourselves on it at a later time, I am doubtful that that will be the case. I think this is the only opportunity that those of you, who believe as I do, that something should be done about the status-of-forces treaties and the numerous other Executive agreements with many nations around the world will have to vote on this issue. This is a sense resolution which expresses the policy of the Congress. Those of you who are opposed to this proposition in any form should be willing to accept this rather platitudinous language contained in this amendment.

The language of the amendment is not as strong as I would like but is drawn to meet the test of germaneness. I think this is germane, and will speak to that at the appropriate time if I am permitted.

What does it do? It simply expresses the sense of the Congress to the President of the United States that he should forthwith contact the North Atlantic Treaty signatories and the other nations around the world with which we have Executive agreements, to ask that in the light of the things which have recently transpired, we have a revision or an elimination of section 7 of the agreements, section 7 referring to the Status of Forces Treaty.

It does not direct or demand that the President do anything. It simply states that he should explore and find ways and means to preserve the constitutional rights of men in uniform stationed in foreign countries. That is really all the amendment does. But that is extremely fundamental.

It is the hope that in a renegotiation, many things might be done with existing agreements to guarantee and maintain all constitutional rights belonging to our military personnel. It does not tell the President what to do. For instance, I hope certainly we may not commit a man in uniform to the jurisdiction of any foreign authority when he is on duty. I hope, too, that in the reconsideration of the overall agreements, the Executive may find that we have too many men overseas at the present time. Do you know that we have almost half of our entire military personnel stationed overseas? To me, that just is not reasonable. If we had far fewer people better instructed and better trained representing the United States overseas, I think many of our troubles recently experienced would be eliminated. I see no reason why that should not be a part of the reconsideration of the President when he asks for a renegotiation of these treaties. But I repeat, it does not direct or demand that he do more than seek a revision to bring

about these desired ends. That is all we can do but we certainly should do that.

I know the administration opposes anything resembling this amendment. It opposes anything which has to do with the Congress looking into these matter. The generals and the admirals make very strong statements, and I respect those statements, but they are not elected by the people. We will find that we will not be withdrawing our people from overseas or be giving up any air bases overseas. You can be assured of that, and support this amendment in safety.

Mr. CARNAHAN. Mr. Chairman, I insist on a ruling on my point of order, and ask to be heard on the point of order.

The CHAIRMAN. The Chair will be pleased to hear the gentleman on his point of order.

Mr. CARNAHAN. Mr. Chairman, the Mutual Security Act of 1954, which the bill S. 2130 seeks to amend, states in its statement of policy among other things that the Congress of the United States "declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request, assistance of such nature and in such amounts as the United States deems advisable, compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom."

This legislation does not provide for the conduct, management, or regulation of American forces abroad. Consequently, the amendment is not germane.

Mr. VORYS. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be pleased to hear the gentleman from Ohio.

Mr. VORYS. Mr. Chairman, on page 407 of the Rules of the House of Representatives on the matter of germaneness appears the statement that to a bill modifying an existing law as to one specific particular an amendment relating to the terms of the law other than those dealt with by the bill is not germane. Volume V, page 806, of Cannon's Precedents is cited and there are other citations as well.

Mr. Chairman, this amendment attempts to amend the purpose clauses of the mutual security law, which is a part of the bill which is not amended by the amendments contained in the bill, S. 2130, which is now before the House. In addition, this amendment purports to deal with treaties which, under the Constitution, are the responsibility of the President and the Senate and with which the House does not deal. It deals with recommending the revision, the remaking of treaties; that is, the making of new treaties, which is a subject matter with which the House does not deal and a subject matter which is certainly completely foreign to this bill. In addition, the amendment, if carried out, would amend the Uniform Code of Military Justice. Article 14 of the code provides

that under such regulations as the Secretary concerned may prescribe, a member of the Armed Forces accused of an offense against civil authority may be delivered upon request to the civil authority for trial.

Article 5 of the same code says:

"This chapter applies in all places."

So that this would purport to amend the Uniform Code of Military Justice. It seems to me that the author of the Bow amendment has shown what he believes to be the germane way to amend that, in that he has filed a bill which is now pending before the Committee on Armed Services which deals with the terms of the Code of Military Justice.

Mr. Chairman, for these reasons, it seems to me that this amendment is not germane in any respect to the pending bill.

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania [Mr. FULTON] rise?

Mr. FULTON. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be pleased to hear the gentleman.

Mr. FULTON. Mr. Chairman, certainly in the first place the method of trial of United States troops stationed abroad is not germane in an economic and military aid bill for foreign countries.

Secondly, attention should be called to the statement that has been made by the gentleman from Ohio that the revision of United States treaties or executive agreements in this type of a bill is clearly not germane to the purposes of the bill.

Thirdly, as stated by the gentleman from Texas, the sponsor of the particular amendment, if his purpose is directly or indirectly to have a reduction effect upon the number of armed United States forces abroad or the number of military people in our military installations, that policy is clearly a matter of jurisdiction of the House Armed Services Committee, and is not in any way connected with or germane to this legislation. I might say that we members on the House Foreign Affairs Committee, have always stayed away from trying to set a limitation on, or the number of, the Armed Forces of the United States stationed abroad in this kind of legislation. That is not under the jurisdiction of the House Foreign Affairs Committee, which brings this legislation before the House.

The CHAIRMAN. For what purpose does the gentleman from Ohio [Mr. BOW] rise?

Mr. BOW. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be pleased to hear the gentleman.

Mr. BOW. Mr. Chairman, I should like to say that yesterday in speaking on the floor of the House, I referred to the so-called Bow resolution, House Joint Resolution 16, which, in my opinion, I said, was not germane to this bill. However, may I point out, Mr. Chairman, that this is not the so-called Bow resolution. This amendment merely amends the purpose clauses of the act of 1954, in which there are other purposes other than the ones which have been referred

to. This does not attempt to amend the treaty as the gentleman from Ohio [Mr. VORYS] has said. It simply expresses the sense of the Congress that the President take some action to attempt to renegotiate and places no mandatory provisions at all upon the President. It simply expresses the will of the Congress under the purpose clauses of this legislation, as a matter of policy. I want to make it clear, Mr. Chairman, that what I had to say yesterday so far as my own resolution is concerned does not, in my opinion, apply to the amendment offered by the gentleman from Texas inasmuch as this amendment simply expresses the sense of the Congress and does not do those things which the gentleman from Ohio [Mr. VORYS] has indicated it might attempt to do. It is only the sense of the Congress that something should be done to protect the American serviceman abroad.

Mr. PROUTY. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair would be pleased to hear the gentleman.

Mr. PROUTY. I call the attention of the Chair to House Rule 16, clause 7, which reads as follows:

No motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

I think if we look at the proposed amendment we will find it deals with a different subject matter. The subject matter of the bill S. 2130 is mutual security. The subject matter of the amendment is qualification of treaties or other international agreements. It seems to me that the proposed amendment is clearly not germane.

Mr. BURLESON. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be pleased to hear the gentleman.

Mr. BURLESON. Mr. Chairman, the mutual security bill deals with very broad and all-inclusive subjects of national defense. It relates in many respects to the interest and welfare of the free world. To that I wholly subscribe.

The amendment is definitely within the scope of that conception. This is merely, as the gentleman from Ohio [Mr. BOW] has pointed out, the sense or the expression of policy on behalf of the people of the United States to its executive department. It is an indication that we are not satisfied with the arrangements which are now in force and effect in foreign nations relative to jurisdiction over American military personnel stationed in those countries.

The House of Representatives being closest to the people and reflecting the people's opinions and attitudes are called upon to make their attitudes and opinions known to the President. I read from a statement made by President Eisenhower a few days ago:

"In a country such as ours," he said, "there is only one force under God that has any validity; it is public opinion. Public opinion does everything."

And then I quote from a great President of the distant past, Mr. Lincoln:

With public opinion on its side everything succeeds. With public opinion against it nothing succeeds.

This is a public-opinion statement made by the representatives of the people to their executive department.

Therefore, Mr. Chairman, I certainly can see no reason why this would not be purely and entirely in the center of the scope of the bill now under consideration. I think it is germane.

(Mr. BURLESON asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, may I say just a word further?

The CHAIRMAN. The Chair would be pleased to hear the gentleman.

Mr. VORYS. My friend the gentleman from Ohio [Mr. Bow] and my friend the gentleman from Texas [Mr. BURLESON] have implied that because this was a policy statement that would somehow make it germane even though the policy provision of the bill is not under review in the pending legislation; and that because it is a policy statement it would make it germane even though another type of amendment dealing with exactly the same subject matter would not be germane.

I submit that this proposes a policy that would affect the negotiation of treaties and that would require an amendment to the uniform code of military justice. The fact that it is a policy statement rather than a direct amendment does not make it any the more germane.

The CHAIRMAN (Mr. COOPER). The Chair is prepared to rule.

The gentleman from Texas has offered an amendment which has been reported. The gentleman from Missouri makes a point of order against the amendment on the ground that it is not germane to the pending bill.

The Chair invites attention to the fact that the pending bill is to reenact and continue the Mutual Security Act of 1954, as amended.

Attention is invited to the provisions of the Mutual Security Act of 1954, as amended. Section 2 of that act is headed "Statement of policy."

Under that section, subsection (b) provides:

It is the sense of the Congress that inasmuch as (1) the United States through Mutual Security programs has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; (2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and (3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world.

It goes on further and then includes (c) under subsection (3):

It is the sense of Congress that the assistance under this act shall be administered so as to assist other people in their efforts to achieve self-government or independence under circumstances which enable them to assume an equal situation among the free nations of the world and to fulfill their responsibilities for self-government or independence.

The Chair invites attention to the fact that the pending amendment seeks to add one additional expression of the

sense of Congress as subsection (d) following subsection (c) of the Mutual Security Act of 1954, as amended.

Attention is also invited to the fact that the amendment does not seek to amend the treaty-making powers, it does not seek to amend the Code of Military Justice. It simply expresses the sense of Congress that the President should forthwith address to the North Atlantic Council, and so forth. It is an expression of the sense of Congress going one step further than the expressions of the sense of Congress provided in the Mutual Security Act of 1954.

The Chair also invites attention to the fact that on June 8, 1956, when that Mutual Security bill was before the House, a very similar amendment was offered by the gentleman from Ohio [Mr. Bow]. A point of order was made against that amendment on the ground it was not germane to the pending bill. The point of order was withdrawn.

After analysis of the pending amendment and the bill and the reference made to the Mutual Security Act of 1954, as amended, the Chair is of the opinion that the amendment is an additional expression of the sense of Congress in line with the expressions of the sense of Congress contained in the Mutual Security Act of 1954, it is germane to the pending bill, and, therefore, overrules the point of order.

Mr. HAYS of Ohio. Mr. Chairman, I offer an amendment to the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. HAYS of Ohio to the amendment offered by Mr. BURLESON: After the words "military personnel" insert the words "while on duty."

Mr. HAYS of Ohio. Mr. Chairman, I am in sympathy with the Burleson amendment; but many Members of the House in conversations have expressed the desire not to have to vote on the proposition of extending the right of a court martial or a trial in an American court to a serviceman who commits a crime while on leave.

What my amendment does is to confine the Burleson amendment and to give this protection that the Burleson amendment seeks to give to the American serviceman while he is on duty or within the confines of an American camp or property in a foreign country which is under the jurisdiction of the United States. But, it does not give to an American serviceman, if my amendment should be adopted, any protection when he is on a pass, when, as many of them do, they must go from Germany or France, where they are stationed, into Switzerland or Italy or some other country and commit a crime. Then they come under the jurisdiction of that country even as you or I or any other American tourist. And, it seems to me that the status of forces treaties, as they exist, contain this language; at least, that is what we were told repeatedly last year during the hearings by people from the Pentagon and by people from the State Department. What I seek to get away from—and I am sure that I can say what my colleague from Texas seeks to get away from—at least in part, is this busi-

ness of having the Department of Defense or the Department of State turn a soldier over to another country for trial merely because it will make for good feelings in that particular country. And, in one recent case that is exactly the reason the Secretary of State gave. He never alleged at any time that this soldier was not under the status of forces protection. He said the United States waived the agreement and turned him over.

Now, it seems to me there is a very fundamental concept involved here. Who is going to waive your rights and my rights except you or me? If a treaty is a treaty, that is good enough; I can go along and defend it, but if it is only a treaty so long as somebody in the Pentagon or somebody in the State Department wants it to be a treaty, and does not suit them, and that they can waive it or abrogate it and say it does not apply, that is not very much of a treaty.

I am prepared to vote for the Burleson amendment even if my amendment is not adopted. I am sincere in trying to protect these boys, but I do believe that with the addition of the words "while on duty" it makes it perfectly clear that a boy is protected where we meant him to be protected, and it certainly does not give him a license to go out and commit a crime knowing that he will not be subject to the laws of the country where the crime is committed.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Is it not true that the amendment proposed by the gentleman from Texas, together with the amendment which you have offered, conforms with most of the treaties that are in existence today. They all refer to the fact that jurisdiction is with the United States when a man is on duty. You seek by your amendment to incorporate it into the original amendment offered by the gentleman from Texas.

Mr. HAYS of Ohio. Exactly. If we can believe what the people from the Defense Department and the State Department testified before our committee, certainly that is in the status-of-forces agreements and certainly that is the way they meant them to be. All I seek to do is to spell it out, to put it in there also so that the Burleson amendment is consistent with the status-of-forces treaties as they now exist, and that will show that Congress is against the Department of Defense or the Department of State or anyone else arbitrarily saying, "Well, in the case of this man, the status-of-forces treaty will not apply." I am not going to argue the relative merits of any case, but I do think there is a principle involved here that goes beyond the merits of any particular case.

Mr. SMITH of Wisconsin. That was the testimony of the witnesses who appeared before our committee.

Mr. HAYS of Ohio. That is correct.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Florida.

Mr. HALEY. Let me ask the gentleman this: Who would make the determination whether the soldier was on duty or not? Has the gentleman thought along those lines?

Mr. HAYS of Ohio. Somewhere along the line we have to delegate to somebody the right to do that, and presumably it would be made, as it was in the recent case that attracted so much attention, by his commanding officer, that he was on duty.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Connecticut.

Mr. MORANO. Is it not true that in those cases where we have treaties or agreements permitting our Government to waive, that the other government party to the agreement or treaties must also waive jurisdiction when we request it? They have a right to waive jurisdiction if we request it, too.

Mr. HAYS of Ohio. Yes; the gentleman is right. They have the right to waive jurisdiction, but there is no compulsion upon them to waive jurisdiction.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HAYS of Ohio. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. MASON. Mr. Chairman, I regretfully object to any extension of time.

The CHAIRMAN. Objection is heard.

Mr. MORANO. Mr. Chairman, I move to strike out the last word.

I want to point out to the gentleman from Ohio [Mr. Hays] that while other countries in the world have waived jurisdiction over our soldiers in only 73 percent of the cases, Japan has waived jurisdiction in 97 percent of the cases. In other words, we got very much the best of this question of waiving, in Japan, which is the country the gentleman talks about.

Mr. HAYS of Ohio. Mr. Chairman, if the gentleman would yield to me, I would say that on the surface, under the figures that were presented, I felt that way about it, too, for a long time. But you can waive 1,000 traffic violations and refuse to waive in 1 case in which a man's life is involved. It seems to me that your 1,000 traffic violations hardly add up to as much as the rights of a human being to have a trial by jury when his life is involved.

Mr. MORANO. The gentleman is perhaps just guessing as to whether these were all traffic violations.

Mr. HAYS of Ohio. I am not guessing, because I have analyzed the statistics and I find that waiving of jurisdiction by foreign countries is done in minor cases, where they do not want to clutter up their courts. The letter of the Department of State shows that. But in major cases I think the gentleman will find that there has been no waiver of jurisdiction on the part of any foreign nation.

Mr. Chairman, I want to make it clear—if the gentleman will yield further for a moment—that I am not here defending anybody who has gone out and committed armed robbery or murder or

anything like that. I think he ought to be punished. But I do think there is a principle involved here which is whether by whim or by some arbitrary decision in a single case or two or three cases, somebody in the Pentagon can say, "Well, in this man's case we will waive his rights."

Mr. MORANO. Mr. Chairman, I want to say to the gentleman from Ohio that it is not as simple as all that. You just do not get the State Department to say, "We are going to waive," without examining all the factors in the case and without determining whether the waiver is justified.

Mr. HAYS of Ohio. I have not mentioned any specific case, but in the recent case in Japan I think you would find that on successive days, the State Department was on all sides of that question. I do not think now that they have been honest with the Congress in telling us who made the decision or where it was made to waive the rights in this particular case. The only thing I know is that the Secretary said that it was a matter of better relations with Japan; and I submit that that is not a very good reason.

Mr. MORANO. Mr. Chairman, I am not here to defend the Secretary of State. But I am certain that in the interest of our security he did what was the right thing to do in waiving jurisdiction in that case. And when the matter is finally adjudicated I think it will be proven that he was right in that decision.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from Ohio.

Mr. VORYS. I have a copy of a letter written July 15 by the Assistant Secretary of Defense for International Security Affairs to the chairman of our committee giving an up-to-date report on this matter of waivers. It says:

With respect to serious offenses, such as rape, manslaughter, arson, robbery, larceny, burglary, and aggravated assault, a waiver was obtained in better than 69 percent of the cases.

That is in the past 6-month period. The general waiver shows 62.65 percent of cases during this period.

Here is our problem. Who decides whether a man is on duty or not? Our officials may say he is on duty, or at least he is enough on duty that we want to punish him if the other people do not. On the other hand, if the offense is of a character that it is an offense against the laws of the other country they say, "That is an offense against the laws of our country." In the recent case the Japanese argued one way and we argued another way. When you have two countries that sincerely think they are right, something has to give. It seems to me you either have to have a provision for waiver by one side or the other or you have to say, "We will go to war and fight it out in each case where we cannot agree."

It happens that on this matter of waiver the percentage figures on both serious and other cases has been in our favor, as we might say. I cannot see how we could operate the thing and demand and receive exclusive power to decide whether or not a man was on duty

and whether we are going to try him. That is the problem.

Mr. MORANO. I thank the gentleman for his contribution.

Mr. CARNAHAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, since the amendment is germane to the bill, I regret that a piece of legislation of this importance could not be considered in a separate resolution and considered solely on its own merits. The House Committee on Foreign Affairs on July 1 reported out of that committee House Joint Resolution 16 dealing with this matter. It was reported out of the committee by a vote of 18 to 8. Since the proposition is to be handled rather hurriedly today, I appreciate the amendment which was offered by the gentleman from Ohio [Mr. Hays]. I think it is worthy of careful consideration. I personally shall vote for the amendment offered by the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. HAYS of Ohio. May I say to the gentleman from Ohio [Mr. Vorys] that the matter is not quite as simple as he makes it. It is not a matter of the United States going to war with another country or waiving jurisdiction. If my amendment to the Burleson amendment is adopted and makes it right that the United States should have exclusive jurisdiction over a soldier while on duty, it would only be doing what the departments have testified the status-of-forces treaties do anyway.

Let us carry this thing out to its logical conclusion. If Japan or France or any other nation has a right to try a man while on duty, it seems to me that if you wanted to carry the thing out as far as you can go, if a company commander ordered a troop into a certain area on maneuvers and a farmer in that area wanted them arrested, they could arrest the whole troop. They could just tie up the United States forces.

It seems to me it is fair and equitable to say to any country, and it has been in practice for centuries, that "We will retain control of our troops while they are on duty and when they are off duty they are subject to the laws of your country the same as your people or any tourists." I think if you go beyond that you turn our troops over under circumstances, as I said before, at the whim of anybody. Then you are asking for something whereby the United States gives up a great deal and gets nothing in return. I do not really think any country is going to be so unfair as to ask that of us, because when the Status of Forces Treaties were negotiated they gave us just what this amendment seeks to do now.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Connecticut.

Mr. MORANO. As I understand the amendment offered by the gentleman from Ohio, it provides for action while the soldier is on duty. Will the gentleman from Ohio be willing to accept the words "while in the performance of official duty"? There is a little bit of difference, I may say to the gentleman from

Ohio. I am not opposed to his amendment.

Mr. HAYS of Ohio. The gentleman is asking me a question and I would like to try to answer. I am not seeking to engage in any debate on semantics. I do not know whether there is much difference between the language "while on duty" and "while in performance of his duty." It seems to me the thing we want to make clear is that when the man is under the control of a superior officer or while he is carrying out his official duties that he comes under our jurisdiction. If that language does it, I am not particularly interested in the language as long as the idea that I am trying to get across is carried out. Would the gentleman tell me what the difference is?

Mr. MORANO. The difference is that it is already in the official language of the treaty or the protocol. It says: "While in the performance of official duty." You would then be conforming with language which is already in existence.

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. SELDEN. I would like to point out to the gentleman that during the hearings on the Status of Forces Agreement, which our committee held in July of 1955, Hon. Robert Murphy, Deputy Under Secretary of State, pointed out in his testimony before the Foreign Affairs Committee what he described as one of the main advantages of the status-of-forces agreements. He said:

In the first place, the Status of Forces Agreement provides that United States servicemen remain under United States jurisdiction with respect to offenses committed while on duty. In other words, the foreign governments have voluntarily limited their jurisdiction to criminal offenses while our soldiers are off duty, or on leave, or AWOL.

That statement was made in our hearing by Mr. Murphy. He did not say "while in the performance of official duty." He said, "while on duty."

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. BECKER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Texas [Mr. BURLESON]. I do oppose the modifying amendment offered by the gentleman from Ohio [Mr. HAYS]. As a matter of fact, I would be very happy to support the Bow amendment in its original form, and the amendment which I introduced which is identical, whereby we would be lending full force and effect to what we are trying to do here in the establishment of policy. It was said here, and argued before, as to how many cases and how many young men are affected and have been affected by trials in foreign countries. As was testified by the chairman of the military-law committee of the New York County Lawyers' Association in testifying before the Senate Armed Services Committee, he said, "If only one young American was convicted or tried in a foreign court without his full constitutional guarantees and rights—one was too many." So the number is absolutely unimportant. The question is

what are we trying to do here? Is it to be the policy of the United States Government at this time and in the future and since 1950 that we draft young men of this country and those who volunteer for our armed services, we have them take an oath to defend with their lives the United States of America and then we put a gun on their shoulders and send them into a foreign land and when they arrive in that foreign land, we say, "You can fight to defend the Constitution of the United States, but the Constitution of the United States no longer defends you because you are on foreign soil." That is exactly what these agreements amounts to. None of us, no man in this House or in the country condones any crime committed by a serviceman or anyone else. That is not involved. The Girard case is not involved here except it seems to be a decision in violation of the very agreement that was made, that he was on duty. The McOsker case in France is a case where the man was off duty.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. BECKER. I am glad to yield to the gentleman.

Mr. BURLESON. Does the gentleman agree that the amendment offered to the amendment is a limitation on what is intended in the amendment first offered?

Mr. BECKER. It is absolutely a limitation because if you are just going to provide for whole on-duty cases, that is only a part.

Mr. BURLESON. In other words, the gentleman agrees that the intent of the amendment, without the addition of language proposed by the gentleman from Ohio [Mr. HAYS], is that the President should, in accordance with the expressed desire of the Congress, seek to revise and amend existing treaties and agreements to effect the complete jurisdiction of American personnel stationed overseas?

Mr. BECKER. I do.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. BECKER. I am sorry, I have not time. I started to say to the gentleman from Ohio that in the case of alleged crimes committed in a foreign country, if the foreign country waives and does not seek to prosecute we want to have the right to try him before a court-martial. In other words, if the foreign government does not decide that they want to prosecute for an alleged crimes, the poor kid is going to be brought before a court-martial; he is going to get it one way or the other whether he likes it or not, and I think that is one of the great points involved: Whether a foreign government tries him or not he is tried anyway.

Mr. Chairman, I have visited these young men in prisons in France and England. I had statements signed by them; every single boy said that if he could he would like to get his freedom tomorrow and be tried before a court-martial where he would have the right of appeal, the right of a board of review and the protection of international law and the code of military justice. I have no condemnation of any government's system

of jurisprudence; it is theirs and they are entitled to what they want; but I asked these boys in prison in England why they did not appeal their cases. They had asked about that themselves and were told, "Yes, they could get their case appealed but they were only serving a 3-year sentence; that on appeal 99 percent of the appeals were lost in the court and then the higher court would generally assess the maximum sentence permitted under British law."

I say that our boys should not be subjected to that sort of thing when we ask them to serve our country either at home or abroad.

The CHAIRMAN. The gentleman from Texas [Mr. KILDAY] is recognized.

(Mr. KILDAY asked and was given permission to revise and extend his remarks.)

Mr. KILDAY. Mr. Chairman, along with most others, I suppose, I view as most unfortunate the action of the executive department of the Government in its handling of the Girard case. I believe it was handled exactly the reverse of how it should have been handled.

As I stated on the floor last year when the gentleman from Ohio [Mr. Bow] offered an amendment similar to this, I think it is most unfortunate that the United States entered into the status-of-forces treaties. On the other hand, our Government has entered into the status-of-forces treaties and it was done after negotiation by the executive branch of the Government and ratification by the Senate. The agreement with Japan is not in the form of a treaty, but, as pointed out by the Supreme Court in the Girard case, the agreement had actually been negotiated prior to the submission of the security treaty to the Senate and the Senate was informed as to its existence, and the security treaty refers to the agreement.

The point I want to make is that there is a right way and a wrong way to do everything. I sincerely trust that our present resentment will not lead the House into taking the wrong action on this matter. I hope we will not in the present feeling of excitement and resentment take some action which might make this body look ridiculous under the Constitution.

I have offered a bill, and I did it only after having studied the opinion of the Supreme Court most carefully. It is now pending before the Committee on Armed Services, the committee which has jurisdiction over the Uniform Code of Military Justice, the committee which should handle this proposition. The chairman of the committee has told me he can schedule hearings next week on the bill I have offered. This bill would take care of all the problems we have involved here.

It is clear under our system of government that the President is the only one who can speak in foreign affairs. This was not held by either the New Deal court, resented so bitterly by those on this side of the aisle, or the Eisenhower court, which has been resented so bitterly by those on the other side of the aisle; it was held by the old Supreme Court which President Roosevelt

attempted to pack and which action we all resented so bitterly. In an opinion by Justice Sutherland in the case of United States against Curtiss-Wright it was held that only the President may speak in foreign affairs, only the President may listen. It went on further and held that not only is the President the only one who can speak, but he is the only one who can decide whether to speak or when to speak.

So, let us not take any action here that puts us in the position of directing the President of the United States to take some action which under our form of government we do not have the right to do and which the old Supreme Court held we have no right to do, not even the Senate, and they are the only ones concerned in making treaties.

The old Court held that only the President can determine whether or when to speak. It is not necessary to take any action with reference to the status of forces treaties in order to cure this situation.

There is a great deal of misunderstanding as to what Congress can do in legislating with reference to a treaty. There should be none. It has been held consistently that a treaty has no greater dignity than a statute of Congress. If a treaty is ratified and there is an existing act of Congress to the contrary, the treaty repeals the act of Congress, but if Congress then passes a statute which is contrary to the treaty, the statute repeals the treaty. That is as clear as it can be. It was set out in great detail by the Supreme Court recently in the case of the two women who had been court-martialed overseas for killing their husbands. The Court held there that where a statute was contrary to an existing treaty the treaty is null.

The thing for us to do here is to pass a bill such as I have introduced, which prohibits to any officer of the armed services the power to surrender any individual of the armed services to any foreign nation. It then provides that in the event a nation which is a party to any status of forces treaty, agreement, or protocol requests jurisdiction the Secretary of the military department to which this man belongs shall determine whether the foreign country has primary jurisdiction. If it does he may be delivered. If it does not have primary jurisdiction then he shall not under any circumstances be delivered to the foreign country.

England did this same thing when the Status of Forces Treaty was submitted to Parliament for the purpose of securing enabling legislation. The proposed act that was submitted to Commons provided certification by the United States that the man was on duty, or in the performance of duty, shall be conclusive. Commons refused to accept that and they provided in their enabling act that a certification from officers of the United States would be prima facie evidence only and that the British authorities themselves would determine whether the man was on duty or not.

My proposed bill does away with the power of waiver. There is a provision in the treaty, if we have primary jurisdiction and the foreign nation says a par-

ticular case is of particular importance to it, and asks us to waive jurisdiction, we promise to give sympathetic consideration to that request. My bill would prevent that. It would let every man charged with a crime go to the country having primary jurisdiction under the treaty. That is what everybody here wants.

I hope the pending amendment will be defeated and that you will permit the Committee on Armed Services, which has jurisdiction under the rules of the House, to handle this matter in an orderly, proper, and efficient manner.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not know how much I can add to the statement that has just been made by the gentleman from Texas [Mr. KILDAY]. It was an able statement by an able Member of this body, and it would seem to me that it should be conclusive.

Now, actually we have had much argument about this whole sort of a proposition for a great many years. Last year we had it on an amendment something like this; and, as I remember, the vote in the Committee was 93 to 30 against the amendment.

If you will just take a slight look at history, we began to see the growing menace of international communism as an armed force, and we sought to build our defenses against it and to protect the free world. It was deemed necessary in the interest of the security of the United States to station some of our troops abroad in strategic places within the boundaries of sovereign nations friendly to us, dedicated to freedom as we are dedicated to freedom, and it was desirable in our own security to station our troops in those friendly nations.

Now, I think it is not to be further questioned that in most circumstances a man stationed there committing a criminal act is under the jurisdiction of the sovereign nation, but in order to make the arrangement workable, to protect the essential rights of Americans, these arrangements, sometimes referred to as status-of-forces agreements, were worked out. I think it is only fair for us to remember that many of these agreements were negotiated under a previous administration. I might say, parenthetically, that the great President of the United States who serves us today was on military duty in one area of the world where these Americans are now stationed. The Status of Forces Agreement was subsequently ratified by the Senate of the United States under this administration.

Mr. Chairman, if I could urge anything, it is that this is not the place to try to settle this matter. A resolution has been adopted by the Committee on Foreign Affairs and is now pending before the Committee on Rules. No one can assume that the resolution will not ultimately be reported by the committee. The gentleman from Texas has spoken of a separate bill that has gone to the Armed Services Committee, that seeks to reach the matter through a dif-

ferent approach. To my mind, in this sort of a delicate matter, that is the way it ought to be settled. Why, my friends, the money that this authorization bill would make in order under a subsequent appropriation bill is not the money that is involved in the stationing of our troops abroad. That money is in the Defense Department appropriation bill.

I have had occasion to discuss this matter with our President in recent days. I think I can honestly say to you quite frankly that he has been tremendously disturbed at what might be the ultimate result of some of the proposals that have been made. I think it is only fair to say that if these troops of ours stationed around the world in strategic places, within a few hours' striking distance of the heart of the Russian Communist conspiracy, had to be brought back home, we really would face a problem of our national defense. Now, I have talked to people who propose that something be done about this matter, and most of them say that they do not think all of these troops should be brought back. If the amendment to the amendment offered by the gentleman from Ohio were to be adopted, of course, it would be of less effect in its application, so I certainly would support that amendment to the amendment; but then I shall oppose the whole amendment because it just seems to me that in the interest of orderly procedure this matter, after all, is primarily for the other body that ratified the Status of Forces Agreement—which we did not—by an overwhelming vote. But if we are to do anything about it, better would it be that the resolution from the Committee on Foreign Affairs come out of the Committee on Rules and be discussed here, and open to amendment; or that hearings be held in the Committee on Armed Services which can then make a recommendation and bring it to the House where it would be open to amendment.

Here we are considering an authorization bill under which money will not be provided for the maintenance of our troops abroad. That money is not included in this bill.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Texas.

Mr. BURLESON. If the gentleman will help me, and will obtain support on his side, to get the so-called Bow resolution out of the Committee on Rules, I will be willing to withdraw this amendment. But the gentleman knows that it will never reach this floor. It has already been put on ice, and the gentleman knows that. No one should be led to believe a rule will be granted on that bill. The gentleman is in a position of leadership and influence on his side of the aisle, and I do not believe he wants to leave an erroneous impression.

Mr. HALLECK. May I say to the gentleman from Texas that I appreciate his attitude. He has no greater friend than I in this body. I am sorry he felt it necessary to offer this amendment. But the matter is before the Rules Committee, and they will be deciding it. I know that this is the orderly way to get at this,

and it is the best way, rather than to attach an amendment on the bill before us. So I hope the amendment will be defeated.

Mr. RIVERS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if there is anybody with whom I hate to be in disagreement it is the gentleman from Texas, Mr. KILDAY. I serve on his committee. I am the vice chairman of that committee. I serve under the best chairman in the Congress. But I do not agree with him on this proposition.

Mr. Chairman, this is your only opportunity now to strike a blow for liberty. You are not sure at all that the Bow resolution is coming out of the Committee on Rules. What assurance do you have that the Kilday bill is coming out of the Committee on Rules? I am a member of the Committee on Armed Services and I shall help to get it out of the Committee on Armed Services and I can tell you it will come out of that committee with PAUL KILDAY behind it. But he does not speak for the Committee on Rules.

Let us talk about this security treaty. I have done a little research on this because, along with some of the other Members, some of my South Carolinians have been tossed to the wolves, because it did not please Japan, or because it was good for relations with Japan. I burned a little midnight oil. Before many of you get up, I am here in the morning. Seven o'clock finds me in my office at 1026 New House Office Building.

This security treaty which the distinguished gentleman referred to was taken up by the Senate, the treatymaking body of this branch of the Government. And it was made part and parcel of the treaty with Japan, and so known at the time; also these executive agreements, which cited the cases where we would have jurisdiction.

The treaty of peace recognized that Japan is a sovereign nation and has the right to enter into these agreements and in the exercise of these rights Japan desires, as a provisional agreement for its defense, that our troops be maintained there. It further says that shall be done in order to put down armed attack from without, including assistance given at the express request of the Japanese Government to put down large-scale internal riots in Japan caused through instigation or intervention by outside powers.

And it goes on.

We were invited to come to Japan. We were invited to come there to keep that Government from falling. Your flesh and blood went there and put a gun on their shoulders. I do not want to be dramatic. I want to be cold-blooded about this thing. I do not want any sympathy. You can keep that. I want to tell you what the facts are.

The Supreme Court said in the Girard case that if the United States wanted to it could give away the rights of the American boys by treaty. That is what the Supreme Court held, and that is exactly what they have done.

Certain Members of the other body wanted to review these treaties at regular intervals, and the time is now.

As for the case of Girard, if he was not on duty you are not a Member of Congress. He was as much on duty as you are. I happen to be coauthor of the Code of Military Justice. He should have been tried under the Code of Military Justice. As the distinguished gentleman from Texas said, they had no reason or right to surrender Girard to the Japanese Government. He was on duty. The military was overruled by the State Department. When the Kilday bill comes before the committee, and I hope it will, the State Department will overrule that under the theory that the highest law of the land is a treaty.

I say to you here and now this is your chance to express the sense of the Government. I recognize we cannot change a treaty, but you can express the sense of the Congress. My duty is clear. I know whereof I speak. I am going to speak today to express to the President of the United States the sense of MENDEL RIVERS that I do not want somebody just for the sake of protocol to violate the law of this land, change the sense of this Congress, or barter away the rights of any American when he is on duty, carrying a pistol or gun where he has a right to be.

Mrs. KELLY of New York. Mr. Chairman, I move to strike out the last appropriate words.

Mr. Chairman, I have always supported the status-of-forces agreements but, like my colleagues, at this time I question the new interpretation of the provisions of the Status of Forces Treaty which permits the right to "waive jurisdiction of an American soldier while on duty" in a foreign country. I rise in support of the amendment of my colleague from Texas and also support the amendment of my colleague from Ohio.

I believe in the sovereignty of nations but I also believe that when an American soldier is on duty in a foreign country, he is under the jurisdiction of the United States and should be tried under the provisions of the United States Military Code when offenses are committed while on duty. He is protecting the sovereignty of nations. I therefore believe that this amendment is appropriate, and I urge all to give it their full support.

Mr. HAYS of Ohio. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield.

Mr. HAYS of Ohio. Mr. Chairman, I should like to address just a remark or two to the statement of the gentleman from Indiana [Mr. HALLECK]. I believe I understood him to say the President was concerned about some of these proposals. Let me just point out to you what this does.

It is the sense of Congress that the President should address to the North Atlantic Treaty Organization a request for revision of article VII. Then the amendment would contain, if my amendment to it should be adopted, that the provision should apply to American troops only while on duty. I submit to you there is nothing in this amendment, if the "while on duty" language is adopted, that should cause the President any concern. It does not say our troops shall be brought home, it does not say the treaty shall be canceled; it merely

serves notice, and this is a reply to the gentleman from Texas, upon the President that the Congress, that the House and the Senate, are concerned about this and would like the President to make definite that our rights mean what we have been led by the Department of Defense and the Department of State to believe they did mean. I submit to you in all reason that I opposed the Bow amendment and helped defeat it up in the Committee on Foreign Affairs last year because I was told the status-of-forces agreements would be administered according to the treaty. But, now, we have a little different situation and I do not think this would cause the President any concern. This is not anything drastic. This is not anything that says the President shall or that he must do something. This is not anything that says the treaties are repudiated. This merely says to the President, "We would like you to look into this matter." Furthermore, I think the gentleman from South Carolina made a pretty cogent argument when he said that this is the time that we can do something because I have been led to believe by some very responsible people, some members of the Committee on Rules, that this thing is not coming out of the Committee on Rules. If you want to call attention to your constituents that you really brought this to the attention of the President with a request for action, this is your last chance to do it, in my opinion.

Mr. FASCELL. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield.

Mr. FASCELL. I ask the gentleman from Ohio if his amendment were adopted, is it not true that all it would seek to do then would be to direct an administrative action which is now possible under existing treaty?

Mr. HAYS of Ohio. Exactly.

Mr. EDMONDSON. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield.

Mr. EDMONDSON. Is there any reason why this particular amendment cannot be adopted and the House proceed thereafter to adopt the bill offered by the gentleman from Texas [Mr. KILDAY] as well?

Mrs. KELLY of New York. I agree with the gentleman. I see no reason why that cannot be done.

Mr. BOW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the Bureson amendment and in opposition to the amendment offered by the gentleman from Ohio [Mr. HAYS]. If the amendment offered by the gentleman from Ohio [Mr. HAYS] is adopted, it simply will mean nothing because the treaties already provide the on-duty status. I would like to refer to the statement made by the gentleman from Texas [Mr. KILDAY] about the armed services. About 2 years ago, I do not remember the exact date, this House sitting as the Committee of the Whole adopted a similar resolution by a vote of 154 to 76 which expressed the will of the House that something be done about the status-of-forces agreements. Since that date, they have done nothing in the Committee on Armed Services to rectify this

situation although the will of the House of Representatives was expressed when that vote was taken and the majority of 154 to 76 so voted. Let me point out to you that some time ago, last June or about a month ago, I requested the chairman of the Committee on Armed Services to take some action again on the status-of-forces question. I received a letter from the distinguished gentleman who is the chairman of the Committee on Armed Services, and this is what he said in part to me:

This committee can and has provided what I deem to be a fair system of justice for American military personnel, but we are wholly without authority to intervene in matters which are governed by treaty, such matters being within the jurisdiction of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

So I am fearful, if we pass up this, perhaps what may be the last opportunity to express the will of the people of this country on this question, that we will again be told there is no jurisdiction to enter into this question.

Mr. KILDAY. Mr. Chairman, will the gentleman yield?

Mr. BOW. I am sorry but I must decline to yield to the gentleman because my time is so brief I cannot yield now. If a Member gets time later, I will be glad to permit the gentleman to interrogate me on this subject.

Mr. Chairman, so far as the question of taking our troops from abroad is concerned, is the adhesion of these countries where our troops are stationed so thin that the only question as to whether they shall stay with the free world or go to the Communist world behind the Iron Curtain based upon the price that they may have the right to try American soldiers and send them to their jails? If they say to us, if we cannot try your men and imprison them in our jails, then we will go behind the Iron Curtain—how much good are they going to be to us when the chips are down and when we need them? One other thing. We hear constantly the statement: What if our soldiers murder someone or commit rape—and they go through all the horrible crimes that may be committed by American soldiers. Are we going to desert them completely?

I am not so much interested in this, Mr. Chairman, as I am that kid down the street, that boy at Valley Forge, today with the Boy Scouts who tomorrow will wear another uniform, who may go to one of these foreign countries and be innocent of the crime that he may be charged with and we turn over the innocent—not a guilty, but the innocent. His protection of the Constitution of the United States is taken away from him. He will be presumed guilty until he proves his innocence. An involuntary confession may be used against him. He will not have the right to confront the witnesses against him. He will not have the right of cross-examination. All these things happen in many countries.

Are you going to ask the innocent youngster who may become engulfed in some situation in which he is not guilty to submit himself to the so-called justice of foreign countries simply because you

want to desert the man who may be guilty of some crime?

I say, Mr. Chairman, this is our opportunity to express an opinion. I did not offer it because I did not think it was strong enough. I appeal to the House. There is no denouncement in this amendment; it does not call on the President to do anything, but it gives the President the sense of the Congress, and this House of Representatives is the repository of the will of the people of the United States. I may not have the administration back of me, I may not have the Secretary of State or the Secretary of Defense back of me, but the gentleman from Texas [Mr. BURLERSON], and those of us who are now fighting for this protection have the people with us, and I say to you, Mr. Chairman, if the Members are to express themselves this is their opportunity.

Mr. SAUND. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Ohio [Mr. HAYS]. Mr. Chairman, it has been pointed out here this afternoon that we do not need any expression over this issue on the part of the Congress. If your mail has been the same as mine you will have received many telegrams and letters in regard to the Girard case. I think it is only right and fitting that the Members of Congress express themselves in some fashion as to their feelings about a situation in which the entire country is interested. I have listened to the gentleman from Ohio [Mr. Bow]. I understand and appreciate his feelings and the feelings of many Members of this House and the feelings of the people of the United States as a whole that we should not turn our boys over to the jurisdiction of a foreign country.

Mr. Chairman, in the Second World War we demanded unconditional surrender from our enemies. In 1945 we obtained unconditional surrender from Japan and Germany. I refer to those two countries because those are the two countries where most of our troops are stationed. We had it in our power to hold Japan and Germany as conquered nations. The time to talk about sovereignty was when we granted sovereignty to Japan and Germany of our own free will. Right here in this House I have seen how we received the Chancellor of Germany and the Prime Minister of Japan. I saw the Members of this House stand in honor of these distinguished visitors and applaud them heartily when they came in, when they talked, and when they went out of this august Chamber. When they came in, when they went out, and when they talked, that was our expression of welcome to representatives and leaders of those sovereign countries.

If we say by our action here today that their courts are not fit to try our boys if they commit any offense when they are not on official duty, we will not be consistent with the treatment we accorded them when they were our guests. Let us be consistent.

This question goes away back. One of the main objections and complaints of

the so-called colonial countries related to the extraterritorial rights of the colonial powers. The United States of America deserves the thanks of the entire Asiatic world when it was the first nation to give up its rights of extraterritoriality. Today if we adopt the Hays amendment we are really affirming our faith in the treaties as they exist today.

The time will come when we will have a chance to express our opinion on the Bow resolution and on the bill which has been introduced by the gentleman from Texas [Mr. KILDAY]. But I believe it is absolutely necessary that we express an opinion today. When our boys are on duty they do deserve the protection of our laws and I respectfully request that you vote for the Hays amendment. When the other matter comes up, we can discuss it later on. It is necessary not only to the people of the United States but to people all over the world who are listening in today to what we are saying. Please remember the consequences of what we do here today. We are going to pass a bill and give \$3.2 billion to foreign countries. We want to make friends in foreign countries. Let us pass this Hays amendment that will be a good expression for the time being and later on maybe we will not be under the stress of so much heat and we can decide on the other resolutions when they come up.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, on reflection I am for the Hays amendment if there is going to be any amendment on this subject at all because the Hays amendment would affirm substantially the position taken under our status-of-forces treaties. It is true that the word "exclusively" in there would leave a problem about who would decide on-duty jurisdiction in an argument between our Government and the other country, but I am willing to take that chance.

I think the way to handle this is to have the Congress, under its constitutional power to make rules and regulations for the Army and Navy, take it up in the Uniform Code of Military Justice, over which matter the Committee on Armed Services has jurisdiction. My good friend and colleague from Ohio [Mr. Bow] as well as our friend from Texas [Mr. KILDAY] have resolutions pending in that committee. I never thought that the way to handle this matter is in the form of the Bow resolution now pending before the Rules Committee, and so expressed myself before that committee.

The Bulereson amendment, however, is almost exactly the same as the Bow resolution which was defeated on this floor last year by a vote of 93 to 30. It is somewhat similar in effect to a resolution that was defeated in 1955. I would think it would be better for us not to attempt any expression on this matter at this time, based on amendments and amendments to amendments that have been brought up here at the last minute, because any action like this will have worldwide effect.

For 10 years the Soviet diplomacy has had as its paramount purpose to have the "Yanks go home." We do not want to take any action that would cause other countries to want the Yanks to go home.

The paramount objective of Soviet diplomacy for the last 10 years has been to secure the withdrawal of United States forces to the continental United States. Every move of Soviet diplomacy has been directed at the objective of forcing the United States to retire from the advanced positions from which our deterrent strength now holds in check the aggressive, expansionist tendencies of the Soviet bloc. Those, therefore, who support this resolution are unwittingly contributing to the achievement of the No. 1 objective of the Soviet policy.

The Soviet Union, under pressure of public opinion throughout the world and within its satellites, has recently been forced to give up the exclusive jurisdiction over its troops which it enjoyed until recently in all its satellite countries. Pursuant to this change of policy, the Soviet Union agreed on December 18, 1956, to a status of forces arrangement with Poland, which is so strikingly parallel in certain particulars to the NATO Status of Forces Treaty that there can be no doubt that it was written with the NATO Status of Forces Agreement as a model. A similar arrangement was concluded with the East German regime and within the last month news has come of the signing of such an agreement with the puppet government in Hungary.

In the light of these recent concessions by the Soviet Union, it would be an act of supreme folly for the United States to demand of our allies an exclusive jurisdiction which even the Russians have not found it expedient to maintain any longer in their satellites. Thus, by an ironic twist, the United States would voluntarily drawn down upon itself the obloquy which the Russians have just taken pains to dissipate from themselves by modeling their troop arrangements after ours, whereas we would be adopting their discredited policy.

Let us remember this: Our forefathers, in the Declaration of Independence in 1776, among complaints against the King, had this to say:

For quartering large bodies of armed troops among us.

For protecting them, by a mock trial, from punishment for any murders which they should commit on the inhabitants of these States.

Now, as to what the chances are for negotiating the kind of agreement for exclusive jurisdiction that the Bow resolution and the Burleson resolution attempt to secure, here is what the Department of State says:

It is necessary to face up to the facts. The Department in each and every negotiation of a status-of-forces agreement seeks optimum immunity from foreign criminal jurisdiction for the members of our Armed Forces, but even those nations most friendly to the United States and its objectives are unwilling to grant full extraterritorial rights, as demanded by the resolution. The Department had hoped to present the current situation in this regard—which cannot be dis-

cussed publicly without prejudice to our interests—to the committee in executive session. It can certainly be said, on the basis of our most recent experiences in the negotiation of status-of-forces agreements, that if we were to insist upon full extraterritorial rights for the members of our Armed Forces stationed abroad we would be unable to station our forces abroad.

Mrs. BLITCH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, no one who has spoken on this floor and no one who is present on this floor can be charged with being anything but a truly patriotic American. But, there is a difference of opinion among some of us.

Mr. Chairman, I rise in support of the Burleson amendment and in opposition to the amendment offered by the gentleman from Ohio [Mr. HAYS], because it does absolutely nothing to the status of forces treaties as they now stand. Of course, the Burleson amendment does not change the status of forces agreements, but I want to say here that I am so imbued with the idea that the only chance that the House has to express itself on a matter of this kind is to pass legislation of this nature. It is the duty of the House to appropriate, and it usually does. Also, authorization bills for appropriations originate in this House. This is the only place where we can really make ourselves felt on opinions usually in the province of the other body or with the Chief Executive. So now, in the Burleson amendment, we are asking that serious consideration be given by the President, who has the power to make agreements with foreign countries, to the feeling of the House. Also we are throwing light on the situation insofar as the other body is concerned which has the duty of ratifying treaties between this country and other countries.

Mr. Chairman, I speak here today to all of you because I believe in the Constitution of the United States. And I believe that that Constitution guarantees the rights of our boys when they go to foreign countries, not of their own accord but because we, as a government, have made them go. They have gone under compulsion. Those boys cannot always be on duty. They have some free time. No other country gives to other countries the freedom to try their soldiers in other lands.

Mr. Chairman, I speak also because I believe so very much in the defense of this country. We all know that if we are to have true defense in this country we must have high morale among the members of the Armed Forces. If we do not have that, then we do not have real Armed Forces.

Mr. Chairman, I speak also in an unusual capacity. The women of this country are writing probably to all the women Members of Congress, but certainly they are writing to me from every direction, demanding that their sons be protected by the Constitution when we draw them into the service of our country. The morale of those boys depends upon the feeling of their families back home, and especially their mothers. As a mother of a son, and as a mother I

believe representing the great majority of the mothers of the Nation who have sons in the Armed Forces, I plead with this House to adopt the Burleson amendment, unamended.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendments and all amendments thereto cease in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. DEVEREUX. Mr. Chairman, reserving the right to object, how much time will that give to each Member desiring to speak?

The CHAIRMAN. Something less than 2 minutes to each of those standing.

Is there objection to the request of the gentleman from Missouri?

Mr. PROUTY. Mr. Chairman, I object.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendments and all amendments thereto cease in 35 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. SMITH].

Mr. SMITH of Mississippi. Mr. Chairman, I hope the House will reject the amendment offered by the gentleman from Texas. The substitute offered by the gentleman from Ohio is an effort to achieve something where there is some reason for doubt. Certainly there is a question in our minds about the administration of the agreements in regard to the cases that would be covered under that amendment.

Mr. Chairman, I rise in opposition to the Burleson amendment primarily because I think it would be a very unfortunate situation if the Congress of the United States got itself into a position of defending these people who have committed these offenses abroad. I am referring to the whole list of offenses that have been committed. I am referring to the offenses that have been made by some of my constituents. I do not want to come down here in this well and say that when one of my constituents commits rape or murder in some foreign country while he is off duty I want to get him out, to keep him from being tried by those people where the offense was committed.

Certainly if some soldier from Japan or Germany or any of these other countries where we have troops stationed were to commit a similar crime within my district or in any other part of the United States I would think he should be tried in the area where the crime was committed so that the people where the offense was committed would have some opportunity to see that justice was done. I certainly believe that if our people who have been writing us all of these letters about this situation saw a similar situation in reverse most of these letter writers would be the first to demand that the foreign soldier be tried within the area where the crime was committed. So I say that those constituents of mine

who commit these crimes abroad should be tried under those circumstances in the area where the crime was committed.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. McGOVERN].

Mr. McGOVERN. Mr. Chairman, in the winter of 1774 there was an incident that took place in the city of Boston that had the most profound significance in American history. A group of British soldiers that were stationed in the city of Boston became engaged in an encounter with a number of men and boys who had been taunting them, throwing snowballs, calling names, and so forth. The inevitable shots were fired and a number of Boston's citizens were killed.

Following that incident the British Parliament ruled that in the future all crimes committed by British troops in this country would be dealt with in British courts and that there would be no colonial jurisdiction whatsoever over those crimes.

It was because of that action on the part of the British and others like it that the colonies revolted. They referred to this action by the British as one of several "Intolerable Acts." It was intolerable to us even at a time when we were a colonial member of the British Empire to permit the trying of British soldiers under their authorities for crimes committed in this country.

We are not dealing now with colonies. We are dealing with sovereign nations who are just as proud of their sovereignty and have just as much right to insist on it as we do. I think we would greatly jeopardize our standing in the world community and weaken our defense system all over the world if we were to insist on a special right for ourselves that we would not grant to others here in the United States. It should be pointed out that under the status-of-forces agreements, we did not surrender any American sovereignty. We actually asked for and received special consideration for crimes or acts on the part of our troops when they were on duty. As a matter of fact, under international law outside of the status-of-forces agreements, we would not even have the privilege of trying our own troops for crimes they committed when they were clearly on duty. So, I urge the defeat of the Burleson amendment, the proposal of my distinguished and respected friend from Texas.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. UDALL].

Mr. UDALL. Mr. Chairman, if we must act on either one of the amendments proposed, it seems to me that the Hays amendment is the better of the two. However, I think the course of wisdom outlined by the gentleman from Texas [Mr. KILDAY] is the best path for us to follow. I am very fearful when we begin talking about abolishing the waiver provisions of our status-of-forces agreements or about conferring upon the country that has primary jurisdiction, unilateral power to decide jurisdictional questions that we are embarking upon a field where we may seriously restrict the rights of our servicemen. I think the

one thing we all want—every one of us on the floor here today—is to provide the maximum protection for our American servicemen who man the bases abroad. I fear we are going to find if we act hastily in this matter, we might defeat the very purpose we would accomplish.

In practically 99 percent of the cases—the Girard case was an unusual case and an exception in that it occurred on a firing range where we had physical control—occur where the law enforcement officers of the host government have exclusive jurisdiction. The offense occurs—be a traffic offense or an assault, perhaps—and they take the offender into personal custody. They then call up the American base and they say to us, "We have your man in custody. He has violated our laws and we claim primary jurisdiction." As a practical matter that is the way these things work out. Then, under the present agreements, a joint committee confers about it, and our people say, "No, under the agreement this man was on duty and we want you to waive jurisdiction." As the gentleman from Ohio [Mr. VORYS] said a moment ago in 67 percent of the cases our servicemen then get the benefit of the waiver provision. Although the Girard case was an exception, and the facts were reversed, our military people always had physical custody of Girard.

But, in most of these cases, the waiver right works for the benefit of our serviceman. I mention this to show you that if we rush in hastily here, we may be doing something that will actually limit the rights of our servicemen abroad. Let us pursue the course outlined by the gentleman from Texas [Mr. KILDAY].

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I voted in the Committee on Foreign Affairs to report out the Bow resolution because I thought that it should be brought to the floor of the House as a separate piece of legislation. I am sorry that it did not come before us in that manner and that we now have the subject matter in another form, as an amendment to the Mutual Security Act.

The amendment that the distinguished gentleman from Texas has offered is merely a statement of the feeling of the Members of Congress that Americans in the armed services of our country should be under the jurisdiction of American law and American rules of justice wherever they are stationed. It is not a directive to the President and while I would expect him to weigh respectfully the opinions of the representatives of the American people in the Congress the determination would be his own responsibility as the spokesman for the American people with foreign governments.

My own feeling is that as long as we are forced to resort to compulsory military service there should be the assurance to our youth and their parents that wherever in the service they are sent they are under the folds of the Stars and Stripes and amenable for their misdeeds in trial tribunals where they are afforded all the rights for the protection of inno-

cence that are accorded under the American code and spirit of justice.

I appreciate the sincerity of those who take the position that in the building of warm understanding with the peoples in the lands wherein our troops are stationed we should submit them to the jurisdiction of local courts when there is violation of the laws of the country in which they are stationed and when they are not on duty. But the Girard case has shown us that in this one instance at least no distinction was made between "on duty" and "off duty." As we are given to understand, and I have heard no one dispute the statement, Girard was on duty at the time of the Commission of the offense of which he is charged.

In view of this circumstance, and the very grave question that it raises, the American people pretty generally and I think properly, feel that there should be reexamination of the present status-of-forces agreements. I hope that this will be done, and that the governments of the many countries wherein our troops are stationed and desiring to maintain and quicken the bonds of understanding, instead of resenting our suggestion for a reexamination in mutual interest will cooperate.

The statement sometimes is made that the practice of submitting American servicemen to the jurisdiction of foreign courts started during our occupation of Cuba in the period between the end of the war with Spain and the establishment of the permanent Cuban Government. This statement was made, as I remember it, some years ago by witnesses from the State Department to one of our House committees, and at the time when the related matter came to the floor of the House I sought to put the record straight. During the occupation period in Cuba courts were established, but with American judges selected by the American authorities and functioning under American law. That was an entirely different setup and certainly furnished no precedent for trial of American servicemen in foreign courts under foreign law.

The CHAIRMAN. The gentleman from Alabama [Mr. SELDEN] is recognized.

Mr. SELDEN. Mr. Chairman, it is generally recognized that sovereign nations have exclusive jurisdiction to punish offenses against their laws committed within their boundaries—unless they consent to surrender such jurisdiction. It is quite evident, therefore, that if we are going to maintain American bases and military personnel abroad it is necessary to have agreements between other nations and the United States in order to maintain jurisdiction of any type over our servicemen.

Under the so-called status of forces agreements, and similar agreements, foreign nations have surrendered in certain instances jurisdiction over American military personnel. The real question involved as far as the status of forces treaties and similar agreements are concerned is whether or not our negotiators were able to effect the best possible agreements. Information available to the Committee on Foreign Affairs

strongly indicates that United States military authorities would have preferred to retain jurisdiction over American servicemen accused of crimes while serving overseas. Information available to the committee also indicates that United States authorities failed to take a strong stand to support this desire of the military authorities to retain such jurisdiction.

When American servicemen were first stationed in Greece, that country virtually gave them the status of honored guests and ambassadors and Greece subsequently waived her rights of criminal jurisdiction under article VII of the NATO Status of Forces Agreements. As Greece was so willing to do this, it is only reasonable to assume that other nations among our allies would have been willing to concede a greater degree of jurisdiction than was provided for in the NATO treaty.

That our defense authorities would have preferred to retain jurisdiction is shown in the testimony of General Hickman before a Senate armed services subcommittee on March 29, 1955, that:

It is the position of the Department of Defense that the jurisdictional arrangements prescribed by the NATO status-of-forces agreements is to be considered only as an acceptable minimum. We would like to try them all, keep them all within the military conclave. Accordingly, the United States authorities have, wherever possible, sought to extend their jurisdiction over persons subject to United States military law in the NATO countries by bilateral understandings or agreements. Pursuant to such agreements and understandings the United States military authorities now exercise an exclusive criminal jurisdiction over all persons subject to United States military law (except nationals or residents of Greece) who are stationed in Greece, which is a country that has ratified the Status of Forces Agreement.

Because of the friendly and cooperative attitude of Greece, it is not unreasonable to assume that if pushed a bit originally the other allies would have been willing to have the United States retain jurisdiction over our servicemen to a greater degree than our officials finally worked out in the NATO status-of-forces agreements. Time has altered the situation and has made renegotiation of the Status of Forces Agreements and similar agreements more difficult though no less desirable from the American point of view.

Even Greece, which had voluntarily waived her rights under the NATO Status of Forces Treaty to give what amounted to diplomatic immunity to American servicemen, has not been willing to be singled out as the sole exception while the United States was signing away the rights of her servicemen. In September 1956 a new agreement was signed with Greece which places American boys serving in that country under a status approximating that of the other countries which now have the right by treaty to try our servicemen for certain crimes committed in those countries.

The new agreement with Greece is still more liberal than the NATO Status of Forces Agreements. Article II of the new agreement with Greece states that:

1. The Greek authorities, recognizing that it is the primary responsibility of the United

States authorities to maintain good order and discipline where persons subject to United States military law are concerned, will, upon the request of the United States authorities, waive their primary right to exercise jurisdiction under article VII, paragraph 3 (c) of that agreement, except when they determine that it is of particular importance that jurisdiction be exercised by the Greek authorities.

2. In those cases where, in accordance with the foregoing paragraph, there is waiver of jurisdiction by the Greek authorities, the competent United States authorities shall inform the Greek Government of the disposition of each such case.

Even in such cases where the Government of Greece exercises criminal jurisdiction, the United States authorities are to take custody of the accused pending completion of trial proceedings.

If our negotiators with the NATO countries had been more determined and more eager to press the cause and the rights of American servicemen, there is no doubt in my mind that most if not all of our allies would, like valiant Greece, have accorded our servicemen the right to be tried by American military authorities. The same situation would probably have followed with the other countries with whom we have similar agreements.

It is still not too late to advantageously renegotiate these agreements, and I am certain the American people are anxious that such renegotiations be undertaken as soon as possible.

I therefore support the amendment offered by the gentleman from Texas [Mr. BURLESON].

The CHAIRMAN. The gentleman from Maryland [Mr. DEVEREUX] is recognized.

Mr. DEVEREUX. Mr. Chairman, I will speak for just a few minutes, but before touching the particular subject before us let me say that I trust the Committee will understand that those persons who go into the armed services are not cloaked with all of their so-called constitutional right. We must understand that to start with. For instance, they are not allowed free speech, and they are not allowed a jury trial. That may seem beyond the point today, but actually those are the facts, so let us dispel this thought from our later discussions of the Status of Forces Treaty.

I have always supported the Status of Forces Treaty, because I believe, and I know, that we have better protection under the Status of Forces Treaty than we did prior to the ratification of that treaty.

I have had some considerable experience with troops in foreign countries throughout the world. I know the questions we had before us when a sovereign country had jurisdiction under previous international law. We are much better off under the Status of Forces Treaty.

I might say, however, that I protested the action taken by the executive branch in the Girard case. They were not compelled to turn him over; it was simply permissive so far as the treaty requirements were concerned. I believe a mistake was made; therefore, I shall support the proposition that is being presented by the gentleman from Texas

[Mr. KILDAY]. I believe we would be in a much stronger position. We should definitely say that when a man is on duty in a foreign country we should retain exclusive jurisdiction.

I oppose the Burleson amendment because I believe it opens up the entire paragraph and will create a great deal of confusion; but the Kilday proposal will not; it will get straight to the point.

The Hays amendment to the Burleson amendment certainly tones it down somewhat, but I would rather see us approach the matter by way of the Kilday proposal which will come before the Committee on Armed Services. I will support the gentleman from Texas in bringing it before the committee. I trust we will be able to get a rule on it and bring it before the House.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ZABLOCKI] is recognized.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, it would be preferable if the issue of the Status of Forces Treaty and the so-called Bow resolution were debated and voted upon on their merits. Basically, I believe this controversial matter should not be a rider on the mutual security bill.

However, since it appears that this may be the only chance we will have to voice our will on this issue I find myself moved to support the Burleson amendment provided it is amended as proposed by the Hays amendment.

The question of jurisdiction in disputed cases and waiver of jurisdiction should and must be clarified by review and renegotiation of article VII of the Status of Forces Treaty agreements.

I do not believe that any foreign nation should be permitted to determine whether or not our military personnel are on duty when any offense occurs.

This does not mean that the United States can afford to take the position that foreign nations have to grant us exclusive jurisdiction over our forces or we bring our forces home.

I believe that our overseas bases constitute one of the greatest military advantages we have over the Soviet Union. It is absolutely vital to our security that we retain them.

It is incorrect to assume that a number of countries in very strategic locations would be greatly disturbed at the possibility that our bases in their territory would be abandoned. Several of these countries have serious misgivings about permitting our bases on their soil and are not going to make concessions to keep us there.

I believe that the only way to retain our bases abroad is for us to work out agreements with the various nations which are mutually acceptable. These agreements should not be one-sided; however. There are certain basic rights which we cannot and should not surrender.

The world situation has changed since the basic status of forces agreement was negotiated 5 or 6 years ago. I believe that we have been gradually losing our rights by interpreting existing agree-

ments more and more to our disadvantage. I think we should try to make a new start and drive a hard but a fair bargain.

There may be cases where our forces are so unwelcome that we should bring them home. I am confident that in some cases we can secure more favorable terms than we now enjoy. In every case, I am confident that it is desirable to clarify the issues and for all of the free nations to reconsider where they stand and how far they are ready to go in carrying forward the common defense.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, many Members have today urged that we delay action upon this matter. Those who have served in the House heretofore will recognize that as an argument which has been used in the past. It is constantly said, "Let us not act now, there will be a better opportunity later." Well, Mr. Chairman, now is the time to act and the proper course is to vote approval of the Burleson amendment.

We owe that degree of protection to the men who wear our honored uniform and are sent overseas in the military service. In company with the gentleman from Illinois [Mrs. CHURCH] and the gentleman from West Virginia [Mr. BYRD], I, some time ago, visited the Japanese prison in which 52 American servicemen were incarcerated. I wish time permitted me to discuss our observations and conversations more fully, but let me say to the Members of this House, that once you have had that experience you will realize this is a matter which requires attention now and should not be delayed.

We speak with approval of giving sovereignty to free nations everywhere. We speak with approval, and rightly so, as to giving dignity and freedom to individuals. We want those for nations and men everywhere. Let us not deny them to our own beloved Nation and our own men whom we put in uniform and send throughout the world. We owe the obligation to those whom we represent, we owe it to our servicemen and servicewomen, we owe it to our Nation, to support now the amendment offered by the gentleman from Texas [Mr. BURLESON].

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. GRIFFIN].

(Mr. GRIFFIN asked and was given permission to revise and extend his remarks.)

[Mr. GRIFFIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent that the remainder of my time be given to the gentleman from West Virginia [Mr. MOORE].

Mr. MASON. Mr. Chairman, I object.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. TEWES].

Mr. TEWES. Mr. Chairman, during the time allotted me, I should like to state as succinctly as I can the situation as I understand it. I would like the distin-

guished minority leader of the committee to correct me if at any time I misstate the problem as it is now before us.

It is my understanding that under international law, jurisdiction even over armed troops usually rests with the local sovereign power.

Now, under the status-of-forces treaties, we have succeeded in getting jurisdiction in certain instances, the main one of which is when our forces are on duty. The Burleson amendment, as proposed here, alters the status-of-forces situation in that it requests the President to negotiate treaties which would give us exclusive jurisdiction in all instances and would probably necessitate the return of our troops if those local sovereignties are not disposed to give us that.

Mr. VORYS. That is correct.

Mr. TEWES. With the Hays amendment, which limits our jurisdiction to those instances where our soldiers are on duty, we have in effect restated the status-of-forces treaties. If the Hays amendment to the Burleson amendment passes, the Burleson amendment then is really a statement to the President that he do what he has already done with the status-of-forces treaties; is that correct?

Mr. VORYS. I think that is quite correct.

Mr. TEWES. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. BURLESON].

Mr. BURLESON. Mr. Chairman, I can hardly conceive of the gentleman from Ohio [Mr. VORYS] responding to those questions in the manner in which he has. He could not possibly believe that this amendment standing alone alters the status-of-forces treaties or the other agreements we have with these 50 or more countries around the world. Surely the gentleman does not accept that. He understands the amendment and knows it simply requests the President of the United States to renegotiate for more liberal terms. The gentleman and my able colleague from Texas [Mr. KILDAY] assume the premise that this directs the President to either completely denounce all agreements or completely withdraw our forces from overseas. Why, if I assumed that premise, if the amendment was offered on that basis, I could not but agree with you, but I do not accept that premise which my colleague from Texas assumes. He speaks of the bill before the Committee on Armed Services. Already in the manual of courts-martial it tells any boy that he shall be guaranteed a trial by jury before an American court-martial. So, how could his bill do any more than what is already promised every serviceman?

It reminds me of what is recorded in that great book of the Apostles. When Paul was preaching and the captain of the guards was about to arrest him because the crowd was ranting against him, the centurion standing by said, "Be careful. He is a Roman citizen." The captain said, "I have purchased my liberty. I have purchased my freedom at a great price." And Paul says, "I was born free." And, so to be a Roman citizen was the greatest privilege that any-

one could possibly have in those days. And, today, it is the greatest privilege to be an American citizen; to live under the American Constitution and have the protection which it guarantees. To vote against this amendment would, in my opinion, indicate approval of the Supreme Court's action in deciding that the President had the authority he exercised in turning Girard over to the Japanese court.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. MOORE].

(Mr. MOORE asked and was given permission to revise and extend his remarks.)

Mr. MOORE. Mr. Chairman, I come to the well of the House for the first opportunity to speak since coming to this Chamber. I realize that I will not make a major contribution to anything that has been said here today, but I want to make it perfectly clear that I rise in support of the Burleson amendment and I am opposed to the amendment offered by the gentleman from Ohio [Mr. HAYS].

I feel sincerely that the amendment proposed by the gentleman from Ohio will merely contain this situation as it is today. It does not, if we are to adopt that amendment and then adopt the Burleson amendment, give us any opportunity of expressing our dissatisfaction with the manner in which these treaties and obligations have been entered into, nor in their force and effect over the lives of our American servicemen. In failing to adopt the Burleson amendment in its original form I feel that we, as Members of the legislative branch of the Government, will not be upholding that fundamental right that is given us in the Constitution. The right of the Legislature to be heard and state the feelings of the American people on this issue.

We have heard from the executive branch of the Government as to the question of interpretation of these treaties and particularly with respect to a definition of when an American soldier is thought to be on duty. We have heard from the Supreme Court also. I have read a great deal of the press releases by gentlemen in this House of their dissatisfaction with the recent decision of the Supreme Court. In the Girard case it is my humble opinion that the Supreme Court did not answer the fundamental question that was before it, the question of the constitutional right of an American serviceman serving in some foreign country. They decided the Girard case on purely an administrative basis and gave no expression as to constitutional rights of our servicemen. I think if we remain silent in this House, the legislative component of our Government, and we fail to raise our voice and approve this amendment, then we will have failed in the duty that is ours today.

The CHAIRMAN. The time of the gentleman from West Virginia has expired. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am opposed to any further procrastination in dealing with this vital issue of protecting the rights of American servicemen in foreign countries. I am unwilling to wait for some spirit to move the Committee on Armed Services or the Committee on Rules into reporting out proposals on this subject that are before them for action. I support the Burleson amendment and I am opposed to the Hays amendment.

Mr. PATTERSON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. PATTERSON. There are a few questions I would like to get cleared up.

Mr. GROSS. Let us have the attention of the gentleman from Ohio [Mr. VORYS]. He has all the answers to these questions.

Mr. PATTERSON. Then I shall address the gentleman from Ohio. What is the status of one of our servicemen who is serving in a foreign prison? And what is his status after he serves his sentence? Is he then subject to a court-martial after he has served his sentence? And then does he have an honorable discharge or a dishonorable discharge? And who pays his carfare home?

Mr. VORYS. Those are a great many questions; I do not think I can answer all of them.

Mr. GROSS. There ought to be somebody in this House Chamber who can answer those questions. They are certainly pertinent to what we are trying to do. If I were opposed to the Burleson amendment, I think I would know the answers to some of those questions.

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BOW. As to the question of the court-martial afterward, there have been no courts-martial after the prison sentences. But in cases where they have been in prison, they have received a less-than-honorable discharge or a dishonorable discharge.

Mr. PATTERSON. A serviceman who is in prison, is he a. w. o. l.? Or what is his status?

Mr. BOW. His status is that he is no longer with the Armed Forces. They turn him back only long enough to give him a dishonorable discharge, which is not subject to any review.

Mr. GROSS. Then he could be a man without a country; is that correct?

Mr. BOW. He is a man without a country.

Mr. PATTERSON. Has he not then been placed in jeopardy twice?

The CHAIRMAN. The time of the gentleman from Iowa [Mr. GROSS] has expired.

The Chair recognizes the gentleman from Vermont [Mr. PROUTY].

Mr. PROUTY. Mr. Chairman, I yield back my time.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I am sure nobody underestimates the depth of the feelings in the hearts of many American citizens on the Girard case. Many feel that a bad decision was made under the

Status of Forces Agreement with Japan. But the cure for that is not to abolish the agreements, as some demand. When they go to the ball game and they think the umpire is not interpreting the rules of baseball as they ought to be interpreted, they may throw pop bottles at him; but they do not insist that the rules be abolished or changed on the basis of a possible bad decision by the umpire under those rules.

What we are all trying to do is to get maximum protection for our country and for our soldiers stationed in other countries. We know we need strong, firm allies around the world for our own security. What do we have to do to get and keep them? The question that we ought to ask is, really, "What price allies?"

We do not like a lot of the things we have to do to defend our country; we do not like war; we do not like the draft; we do not like taxes; we do not like debt; but they have been necessary again and again for the defense of our country; and we have paid the price.

We have three choices in this matter. One is, we can have these men abroad under the total and complete jurisdiction and control of the governments where they are stationed. The Supreme Court has said—and this is one ruling that I think no one disputes—

A sovereign nation has exclusive jurisdiction to punish offenses against its laws committed within its borders, unless it expressly or impliedly consents to surrender its jurisdiction.

Maybe other countries ought to be under our American Constitution but they are not. There is no other country in the world that recognizes or will recognize the sovereignty of the United States Constitution.

So, if we do not want our men completely under the control of other countries, our second possibility is to negotiate and get the best agreements we can. That is what was done: agreements negotiated by a Democratic administration and ratified by a Republican-controlled Senate. Under those agreements other nations waived a good many elements of their sovereignty in the special case of American troops stationed on their soil. If you look at the House committee Report No. 678 that deals with this subject, on pages 6 and 7 you will find that these governments agreed that, no matter what their judicial system for their own citizens, they would, under the status-of-forces agreements, give every one of our men whose crime was such that they did not feel they could waive their jurisdiction, a prompt and speedy trial; inform him in advance of the trial of the specific charge or charges against him; confront him with the witnesses against him; allow him to have compulsory process for obtaining witnesses in his favor; allow him to have local representation of his own choice for his defense; allow him, if he believes it necessary, to have the services of a competent interpreter; allow him to communicate with a representative of the United States, and so forth. Those are the rights our men are guaranteed by the other governments, if, in fact, jurisdiction is not waived en-

tirely, as has been done in most cases—97 percent in Japan.

It is not we who surrender American rights under these agreements; we do not have any American rights in a foreign country. It is the other governments that have been willing, for the sake of our common effort, to relinquish their own sovereignty to a very great extent to give us these rights, in order to work together with us for the defense of the whole free world. That is one of the prices they have been willing to pay to have us as ally.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Chairman, I am opposed to this amendment. I think it would have adverse repercussions on our friends abroad.

Mr. Chairman, I yield to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Thank you. So two of the courses we can follow are: One, we can have our soldiers completely under the jurisdiction and control of other governments without any of the above safeguards; or two, we can have something like the Status of Forces Agreements—and try constantly to improve them, for no agreement works perfectly. In the committee report is a letter from Secretary Wilson in which he states that they have tried repeatedly to get exclusive jurisdiction over our men in criminal cases—and without success. He says we do not have any reason to believe that exclusive jurisdiction can be obtained. They will be willing to waive jurisdiction in individual cases but they are not going to surrender in advance an essential element of their sovereignty, namely, the right to use their own discretion as to whether to waive jurisdiction or not.

Now what is the third course? It is to bring the boys home. That is the only other course left.

We can have them wholly under foreign control; or have the status-of-forces agreements with jurisdiction waived in most cases and all of the above safeguards in the others; or we can bring our forces home and stand alone in a hostile world. Which do you say is the best course—for our men and for America?

What would be the result if we were to adopt this amendment today? I see no possible benefits, and very real harm. First, the goal sought of exclusive criminal jurisdiction is not going to be achieved. Other governments have public opinion, too. So the men will not be any better off.

What will be the results for our country? No good; only bad. Passage of this amendment would jar to its foundation the whole world-security system we have been building at such great cost and effort and with such great benefit to our security. You and I know the details of the language; it is only a request; it has no binding effect. But peoples around the world will not read or understand those details. Word will flash out that one partner in a mutual undertaking is demanding special treatments—from countries which have fought for decades, some for centuries, to end special privi-

leges—one set of laws for them, another for the white men of the West. It will mean to them that we are not willing to be a partner in democracy, as they had hoped; we are, in fact, another colonial power, as the Communists always claimed; or else that we intend to treat them, not as colleagues, but as satellites—the very thing we have condemned the Kremlin for doing.

Mr. Chairman, what will that do? It will shake our allies and our alliances to their foundations.

Why should we do something here today that cannot accomplish any substantial good? If it were only an exercise in futility, it would not be so bad. But it is not just futile, it is positively dangerous. It would weaken the confidence in us of our allies around the world as the Kremlin with all its devious devices has never been able to do.

Just another sentence or two.

The proof of the pudding is in the eating. We have had these status-of-forces agreements for years. How have they worked overall? Let us ask those whom we have made responsible for our national defense—our admirals and generals, the high officials commissioned to defend our country. They are the very ones who are also responsible for the well-being of the men we have placed under their charge. What do they say? I have heard not one of them testify that a single one of our soldiers abroad has been given an unjust conviction or an excessive sentence in a trial in a foreign court under these agreements. That is the proof of the pudding. They are not perfect. We should always try to improve them wherever possible. But surely it is not wise to give up this workable arrangement for a gesture today that would do no good and would certainly injure, even endanger, our country.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CARNAHAN] to close the debate on the pending amendment.

Mr. CARNAHAN. Mr. Chairman, if we must act hastily, entirely too hastily on this important matter by voting on it as a rider on the mutual security bill, I feel that the Hays amendment is the preferable of the two amendments pending. Mr. Chairman, this problem should be decided and acted upon as a separate piece of legislation. A separate bill dealing with this important subject should be carefully and fully explored by the Congress. I hope we will not take hasty action here today which may well further confuse the problem and neither settle or clarify the issue.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mrs. CHURCH. I simply wish to point out again to the Committee that the Bow resolution was recently reported out of the Committee on Foreign Affairs, by a vote of 18 to 8. I do not believe that that responsible committee would have taken action which could be deemed dangerous, as is claimed today by some members of that committee. Therefore, Mr. Chairman, I hope that the corresponding amendment passes.

Mr. CARNAHAN. Mr. Chairman, I ask for a vote on the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HAYS] to the amendment offered by the gentleman from Texas [Mr. BURLESON].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BURLESON] as amended by the amendment offered by the gentleman from Ohio [Mr. HAYS].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 115, noes 121.

Mr. HAYS of Ohio. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. CARNAHAN and Mr. BURLESON.

The Committee again divided and the tellers reported that there were—ayes 134, noes 134.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. Title I, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to military assistance, is further amended as follows:

(a) Amend section 103, which relates to authorizations, as follows:

(1) Strike out subsection (a) and substitute the following:

“(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1953 to carry out the purposes of this chapter not to exceed \$1,800,000,000, which shall remain available until expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this chapter not to exceed \$1,500,000,000, which shall remain available until expended.”

(2) In subsection (b), strike out “and of section 124.”

(3) In subsection (c), add at the end thereof the following new sentence: “When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within 3 years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175 million of the appropriations used for such assistance.”

(b) In section 104 (a), which relates to infrastructure, strike out in the first sentence the word “already”; strike out “\$780 million” in the first sentence and substitute “\$1 billion”; and strike out the second sentence.

(c) In section 105 (b) (3), which relates to conditions applicable to military assistance, strike out the words between “Asia” and “the President.”

(d) Amend section 107, which relates to waivers of law, as follows:

(1) In subsection (a), strike out “1262 (a), and title 34, United States Code, section 546 (e)” and substitute “7307 (a).”

(2) In subsection (b), strike out “Revised Statutes 1222 (10 U. S. C. 576)” and substitute “title 10, United States Code, sections 3544 (b) and 8544 (b).”

(e) Repeal section 108, which relates to transfer of military equipment to Japan.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 5, strike out “\$1,800,000,000” and insert “\$1,500,000,000.”

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 7, strike out the sentence beginning in line 7 and lines 8, 9, and 10, and insert “There are hereby authorized to be appropriated to the President for the fiscal year 1959 such sums as may be necessary to carry out the purposes of this chapter, which sums shall remain available until expended.”

Mr. BENTLEY. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY as a substitute for the committee amendment: On page 2, strike out the sentence beginning in line 7.

Mr. BENTLEY. Mr. Chairman, I would like to briefly explain what my amendment does, but, first of all, I think it would be well to explain the committee action on this particular section.

When the legislation came from the Senate it had authorized \$1,800 million for the fiscal year 1958 and \$1,500 million for the fiscal year 1959.

The committee in its wisdom struck out the authorization, the \$1,500 million authorization, for fiscal 1959 and in return wrote in the language that for fiscal 1959 there was authorized to be appropriated such sums as may be necessary to carry out the purposes of this chapter. My amendment would take that language out and confine the authorization specifically and entirely to fiscal 1958.

Further on, under defense support, the administration requested a similar authorization, and the committee deleted that and confined the authorization to 1 year. In other words, what we are being asked to do here now with respect to military assistance is to give a 2-year authorization.

Mr. DAVIS of Georgia. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Will the gentleman yield for that purpose?

Mr. BENTLEY. I yield.

Mr. DAVIS of Georgia. Would it be possible to have this amendment read again? I did not hear it read.

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by the gentleman from Michigan.

There was no objection.

The Clerk again reported the amendment.

Mr. BENTLEY. In view of the disturbance, Mr. Chairman, I think I had

better repeat exactly what my substitute amendment does. It confines the authorization for military aid funds to fiscal 1958. If the amendment is turned down, in other words, if the committee amendment is adopted, then you are giving the military money for the next 2 years and there will be no necessity to come before the Congress next year requesting funds, for an authorization for military funds, because you will already have authorized it. As far as I am concerned, that practice is a relinquishment of congressional control.

Further, we were asked by the administration to give a 2-year authorization for defense support money. The committee took that out, but they left in the military aid. All my amendment seeks to do is to limit that to 1 year. It does not reduce the military aid at all, not one single penny, but it says you are only going to authorize this money for fiscal 1958, and if you want money for the next fiscal year, you will have to come back to the Congress and justify the authorization.

Now, if there are any questions about the amendment, in view of the importance of it, I will be glad to answer them at this time.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Virginia.

Mr. HARDY. Would the gentleman tell us what the practice has been in the past with respect to more than 1 year's authorization for military assistance?

Mr. BENTLEY. I do not recall when we were requested to authorize for more than 1 year in this respect.

Mr. HARDY. Will the gentleman explain again, that the proposal of the committee would give unlimited authority for the President next year?

Mr. BENTLEY. That is the important thing, and I am glad the gentleman brought it out. The committee amendment gives blanket authority with no sum mentioned. There may be a billion and a half, two billion, three, five, or even ten billion dollars. My amendment seeks to cancel that entirely.

Mr. HARDY. So that we can understand, if the gentleman will yield further, if we adopt the substitute offered by the gentleman now speaking, we will limit the authorization to 1 year?

Mr. BENTLEY. One year.

Mr. HARDY. And if we adopt the committee amendment, we will put in the second year's authorization without limit?

Mr. BENTLEY. Without any limit at all.

Mr. HARDY. If we defeat the committee amendment, we will provide a second year's authorization of \$1.5 billion?

Mr. BENTLEY. The gentleman is correct.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Georgia.

Mr. LANHAM. Is there anything in this bill that will permit them next year to try to put this in the defense budget instead of in the budget for foreign aid?

Mr. BENTLEY. I am not familiar with

that, I might say to the gentleman from Georgia, so I prefer that that question be asked of a member of the committee when he takes the floor.

Mr. HIESTAND. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from California.

Mr. HIESTAND. Am I to understand that if the committee amendment is left in and the gentleman's substitute is defeated, then this \$1.5 billion will be available for military expenditures under direction of the ICA?

Mr. BENTLEY. The \$1.5 billion will remain available until expended regardless; but if my substitute amendment is rejected and the committee language left in, it means that you are giving an authorization with no limit for the fiscal year 1959.

Mr. HIESTAND. Under the direction of the State Department; the military department under the State Department?

Mr. BENTLEY. That is right.

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the amendment.

The purpose of the language reported by the Committee is to make it possible to include the military assistance appropriation in the Defense Department appropriation bill next year.

The regular Defense Department appropriation for military equipment is subject to a continuing authorization and is presented to the Congress in the President's budget message in January. Unless an authorization for fiscal 1959 is approved by the Congress this year, it will not be possible to include foreign military aid in that budget.

The bill as passed by the other body contains an arbitrary figure of \$1.5 billion, which is not based on any submission by the Executive. As a result, it is almost certain that next year the Executive will find it necessary to ask for additional authorization. This would defeat the effort to include military aid in the Defense appropriation.

The language contained in the bill as reported will permit a fair trial of this new approach. If it does not prove satisfactory an annual authorization for the military aid appropriation can be required in future legislation.

I urge the defeat of the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. VORYS. Is this not in line with the recommendation that came first from the Committee on Foreign Affairs that military aid, as part and parcel of our defense, ought to be carried in the military budget?

Mr. CARNAHAN. That is correct.

Mr. VORYS. That was also contained in our reappraisal that we had by our outgoing chairman, Mr. Richards. It was adopted by the Fairless Committee that reappraised this for the President.

Therefore, this is a Presidential, an administration measure carried out in response to suggestions from our committee.

Mr. CARNAHAN. That is right. There is a general demand, I think, on the part of the American people that

this appropriation be placed in the military budget.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. JUDD. Is it not true that if the amendment offered by the gentleman from Michigan [Mr. BENTLEY] were to pass, then military assistance could go into the Defense Department budget for 1 year and then the next year it would have to come back to the MSA budget, until Congress got around to putting it back in Defense? If we want military assistance in the Defense Department budget, where it could be properly geared into our other military efforts, then the amendment of the gentleman from Michigan should be defeated.

Mr. CARNAHAN. That is correct.

Mr. JUDD. We would be adding confusion to confusion to send it over to Defense for 1 year and then bring it back to ICA. The bill, as reported out by our committee allows it to go to Defense for 2 years, and the Congress can decide then whether to keep it in Defense, after a fair trial.

It is said that there would be no ceiling on military assistance. But that is the case with all of the Defense Department budget. They come to the Military Affairs Subcommittee of the Appropriations Committee each year without any ceiling. They have to justify, if they can, \$30 billion, or \$35 billion, or \$40 billion, or whatever they request. In other words, if the committee language is left in, then all appropriations for the military defense of our country will be on a par.

Mr. CARNAHAN. That is correct.

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman.

Mr. SELDEN. As I understand it, the committee amendment will allow the appropriation for military assistance to be brought in next year in the Defense Department budget. Is that correct?

Mr. CARNAHAN. That is right.

Mr. SELDEN. At the same time the committee amendment retains authorization control for the military assistance program in the Committee on Foreign Affairs.

Mr. SMITH of Wisconsin. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we have evidence again of a practice which has become quite common in recent years, to have Congress waive its control over appropriations and authorizations. This is an open-end proposition again; a request for unlimited appropriations, and it seems to me that we should support the Bentley amendment. Are we going to give carte blanche to the Department of Defense to spend, and we, in turn, lose our control? We certainly should not.

Let me read from the minority report a sentence or two which point up this matter quite conclusively:

The removal of the requirement that funds be obligated in the year in which appropriated would allow the hoarding of funds for subsequent use and would result in a hodgepodge of obligation and deobligation. The

removal of these restrictions would result in a virtual loss to the Congress of the right to exercise controls and to give policy guidance.

It seems to me that is what we are doing in this amendment.

It would conceal from the American people the exact amounts spent on military assistance overseas and would hide these figures and statistics in a mass of voluminous detail.

I urge the adoption of the Bentley amendment.

Mr. GARY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, every Member of this House, I am certain, knows that I am a friend of the foreign-aid program. It has been my privilege to serve on the subcommittee of the Appropriations Committee handling this program since its very inception. For the first 6 or 8 years of the program I had the privilege of being the chairman of that committee.

I am absolutely convinced that the foreign-aid program has saved Europe from communism. It is my honest conviction that had it not been for this program, today every country of Europe, with the possible exception of Spain, would be under the control of the Communists.

I realize that we still need a foreign-aid program but we do not need a program such as is provided in this bill. There are several features of this bill that I feel I am impelled to oppose, and this is one of them.

We have taken the position during the 10 years this program has been in effect that we would not authorize it for more than 1 year at a time, so that each year the administration would have to come before the Congress and justify the program and give the Congress an opportunity to review it.

What do they propose to do this year? They propose not only to authorize it for the fiscal year 1958 and the fiscal year 1959, for 2 years, but in addition they propose to put the request for this part of the program in the future in our national-defense budget. Our national-defense budget is a budget of approximately \$35 billion a year. They are going to put it in there—for what purpose? Are they going to change the administration of the expenditures? Witness after witness came before our subcommittee and we asked them that question. They said "Absolutely not; we do not plan any change in administration whatever." Then we asked, "Why are you transferring the item to the defense budget?" They said, "We think it is a part of our national defense."

Do you want to know why they are putting it in the defense budget? Simply to make it more palatable to our people so that it will not come on the floor next year or the year after as a foreign-aid program, but it will come on the floor of the House of Representatives as a part of the defense program of the United States. My fear is that it will be buried in the national-defense budget so that no one in the United States will know what we are spending for foreign aid.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. HAYS of Ohio. The gentleman is exactly right. That is the intent and purpose of it—to hide it so that nobody will know and so that the Congress will not know and so that it can be part of that sacred fund that nobody dares to touch.

Mr. GARY. I thank the gentleman for his contribution.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. PASSMAN. Is it not true that witnesses appeared before our Subcommittee on Appropriations and stated definitely that it was psychological and that no savings could be effected?

Mr. GARY. Absolutely. They used the term "psychological," and I used the term "more palatable."

Mr. Chairman, every time this program begins to get a little objectionable to the people because of the heavy burden that it is placing upon them, we make some change to try to fool the people.

We have had various committees that have pointed out irregularities in this program. Instead of trying to correct those irregularities, what do they try to do? They try to take this matter out from under the control of the Congress so that we cannot do anything about it. The distinguished gentleman from Louisiana [Mr. PASSMAN] has succeeded me as chairman of the subcommittee of the Committee on Appropriations, where he is doing an outstanding job. We have sat in that committee for weeks listening to the testimony of witnesses who appeared before the committee. I say to you, in my judgment, there are two errors in this particular provision—one is that we authorize the appropriation for 2 years, which is a departure. We have never since the inception of the program authorized appropriations for this program for more than 1 year. In the second place, it is likely to bury these funds in the national defense budget of our country so that we, the Congress, and the people of the United States will not know what is being spent for foreign aid.

Mr. LANHAM. Mr. Chairman, I move to strike out the last word.

(Mr. LANHAM asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. HARDY. The gentleman from Virginia [Mr. GARY] in concluding his remarks called attention to two defects in the language of this bill. I would like to add a third. I do not think we have any business at all giving the President absolutely an open-end authority to come up here and ask for whatever he sees fit.

Mr. LANHAM. I agree with the gentleman completely.

Mr. Chairman, I, like the gentleman from Virginia [Mr. GARY], have always supported this foreign-aid program. I

was formerly a member of the Committee on Foreign Affairs and I always have voted for adequate funds for this program. I am still for it, if you will correct the errors in this bill. But unless they are corrected, I cannot vote for it and I know that many Members of our delegation will not support this bill in its present form. This is one of the bad features of the bill. It is done deliberately to deceive the American people and to mislead them. Here is the proof of that. They say that this is a part of our national defense and they want it appropriated as part of our national defense. But to whom do they appropriate the money? Not to our Department of Defense but to the President of the United States. It is done for one purpose only and that is to conceal it and to mislead the people and the Congress. They want to make it more palatable to the people of the United States. The trouble is that under the leadership of the chairman of this subcommittee, the gentleman from Louisiana [Mr. PASSMAN], we have made the administrators of the program toe the line and we have made them show us how they are spending this money. Last year and the year preceding, we saved approximately a half billion dollars a year. They said we had ruined the program.

You know what happened. They came up with \$500 million unobligated during the fiscal year just passed.

Let us adopt this amendment. I do not know that this would cure all that is wrong with this bill, but I hope we will adopt this amendment offered by the gentleman from Michigan and let us keep this appropriation where we can keep our eye on it; let us not hide it in the legislative appropriation bill for the armed services. It has not business there, and it is simply, as I say, an effort to hide it and to keep the American people from knowing what we are spending on this program.

I am all for the program. Like the gentleman from Virginia [Mr. GARY], I believe it has saved Europe and maybe it has saved the Middle East, but I am not willing to gain that end by means that would deprive the Congress of its powers and responsibilities.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Certainly.

Mr. CARNAHAN. Will not the gentleman admit that this appropriation item will be presented to the Appropriations Committee?

Mr. LANHAM. But, of course, it will go to another subcommittee. You are trying to bypass the subcommittee that has been saving this country a half billion a year. You want to put it into the big appropriation bill where it will be hidden. I say this with all confidence in, and respect for, the subcommittee which handles appropriations for the armed services. The task facing that subcommittee is already so huge that it taxes their endurance and challenges their best efforts. Consequently, that subcommittee cannot possibly give it the attention that can be given by the Sub-

committee on Foreign Operations which now considers the request for appropriations for foreign aid.

As I have said, I think an effective and adequate foreign-aid program is necessary for our national security. At the same time, it is our duty to scan carefully requests for funds to support this program, for its administration always requests excessive appropriations. Our subcommittee has acted as a sort of watchdog over these expenditures. To remove its consideration to another committee would be a serious mistake.

Mr. VORYS. Mr. Chairman, I rise in support of the committee amendment and in opposition to the pending amendment to the amendment.

Mr. Chairman, this is one of the most ridiculous things I have ever heard of, to have Members of Congress get up and say that our defense budget is hidden from the public and that to put something in the defense budget is an unfair trick to play upon the public or upon the Congress.

This recommendation that is represented by the amendment offered by our colleague the gentleman from Alabama [Mr. SELDEN] and adopted by the committee, which it is now proposed to strike out, is in line with proposals that our committee made last year and in line with the recommendations made by a number of organizations, including the President's Committee on Reappraisal, not because they wanted to conceal this but because they wanted to put it where it belonged as part and parcel of our own defense.

What is really involved here is a little fuss about possible subcommittee assignments in the Committee on Appropriations in some future year. I would imagine that what would happen would be that if this were in the defense budget where it belonged you would have a new subcommittee; and my guess would be that it would contain many members of the present subcommittee that already handles the mutual-security appropriation, but it would indeed be an error if we gave up the effort to get this into the annual appropriation cycle so that it can be put in the defense appropriation bill. That is all the committee amendment would do. It would be a salutary process. The amounts will be in the President's budget and they will be kicked around and argued by the press and in Congress. It would come along in the defense budget. It would be a shame if we messed up that whole arrangement just because of the pride of position of various individuals as to where they might be on appropriations subcommittees in the coming year.

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Alabama.

Mr. SELDEN. In effect, the committee amendment actually limits the request which was made by the administration. They requested that we authorize X number of dollars for X number of years so that military assistance funds might go into the Defense Department budget without further authorization from the Foreign Affairs Committee. We

agreed that military assistance funds should go into the Defense Department budget, but by the committee amendment we limited the authorization to the year 1959, thereby retaining authorization control in the Committee on Foreign Affairs. The Appropriations Committee will continue to recommend the appropriation for military assistance as it has in the past. Is that correct?

Mr. VORYS. That is a very correct and a very accurate statement of the very important purpose of his amendment which is sought to be destroyed.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Michigan.

Mr. BENTLEY. Is it not true that the administration tried to do the same thing with the defense support fund and the committee rejected that request?

Mr. VORYS. Yes; because the committee felt the military equipment program was of more importance to be brought into the defense budget.

Mr. GAVIN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

Mr. Chairman, the reason I believe that this whole project should be examined yearly instead of on a 3-year basis, is because of what is in the bill. I do not believe many of us read the bill as carefully as we should, however, although not relevant to this section of the bill, I do want to point out the wide latitude that the manager of the proposed development loan fund has in carrying out his functions. As I wish to refer to it later in the discussion of the development loan fund and time will not be available, I read subsection (c), page 13, as follows:

(c) In carrying out his functions with respect to this title, the manager of the fund may: Enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of any necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the manager of the fund shall determine to be reasonable, through purchase, exchange, discount, rediscout, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be di-

rectly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges, or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the manager of the fund, and, as the manager of the fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; and otherwise take any and all actions determined by the manager of the fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation authorized by this title. The Export-Import Bank shall administer loans made from the fund, as provided in section 505 (b) of this act.

Now, I would say with the wide latitude that is given the manager of this proposed development loan fund we should each year bring before the Congress all these matters. They should be carefully examined and determined every year as to whether or not the will of the Congress is being followed. Review this section. It is really important and should be carefully studied.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I would like to point out to the gentleman that I am in sympathy with what he says, but he is talking now about the development loan fund and the pending amendment is to the military fund. It is part and parcel of the same plan, but, actually, the amendment we are considering now is the one to the military fund.

Mr. GAVIN. I realize this is the military section of the bill, however, I wish to call to the attention of the House the wide latitude that would be granted the manager of the development loan fund. It would permit him to work out any kind of program, whether it be military or otherwise; therefore, I am of the opinion that all these proposals should be on a yearly basis. What difference does it make if each year we review the whole program as to whether or not it is sound, practical, and working out the way we would like or intend to have it worked out? I quite agree with my distinguished friend from Michigan that we should bring these proposals up each year for review and not in 3 years, so that we will be apprised of what is happening in connection with the spending of \$1,500,000,000 for military or the lending of \$500 million, both of which are sizable sums of money.

Mr. HAYS of Ohio. I quite agree with the gentleman that it should be examined each year and when we come to the development loan fund there will also be an amendment offered at that time to limit it to 1 year.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. PASSMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is a timeworn maneuver to attempt to take away from

a subcommittee that stands fast and firm in its convictions and actions its prerogatives and rights to consider legislation. This is about the fourth or fifth attempt which has been made to change the manner of appropriating funds for the mutual-security program.

Now, permit me to make a few statements of fact, which are supported by the record. Witness after witness who came before our committee stated that no saving could be effected by this proposed procedure; that it was a psychological type of proposal, in effect saying, "Let us put this item where it will be difficult for the Members of the Congress and the people of the country to find it."

The subcommittee which handles this money asked some searching questions about this particular appropriation.

In fiscal 1956 this subcommittee found that the people who operate the program had violated the law and obligated 22 percent of a total annual appropriation after 6 o'clock on the evening of June 30, the last day of the fiscal year. Then after we had gone to conference with a similar item to the one now being considered, these people came up and said, "We find now a \$300 million check we did not know we had. We must take that into account." This was an embarrassing situation for them. So, they started then to try to remove the appropriation from the subcommittee that is operating as a watchdog over the program.

After this subcommittee held long and tedious hearings last year, a bill was reported which it was thought provided sufficient funds to operate this program for fiscal 1957. The leadership on both sides of the aisle was lobbying day and night to reinstate the reductions which had been made by the subcommittee, and when we reported this bill to the full committee, the people downtown were summoning the members of the committee to the booth in our room, endeavoring to induce them to support an amendment to restore \$350 million which the subcommittee had taken out of the appropriation.

Failing in their efforts, they charged the program was being destroyed. But if you think we ruined the bill, let me tell you this: When they came up this year with their request, they said, in effect, "We must admit that you provided \$500 million more last year than we needed, and this amount will revert to the Treasury."

I have no quarrel if you want to take this item away from the subcommittee which has been handling it capably; I shall abide by the decision of the House. But I remind you that, when a committee stands fast and watches expenditures carefully, the people from downtown and the Pentagon will frequently do everything within their power to bypass that committee. I trust you will not act to bypass this subcommittee.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Virginia.

Mr. GARY. The gentleman stated that there was \$500 million that they

could not obligate which would go back to the Treasury. As a matter of fact, did they not ask us to reappropriate that \$500 million so that they could use it next year in addition to the amount appropriated?

Mr. PASSMAN. That is true. Then, they would have received a billion dollars more than needed. In this particular item, this unusual condition exists: If you cannot spend it, obligate it, and if you cannot obligate it, reserve it. They have such choice in this program. And, even so, there was \$500 million they just could not reserve.

Mr. DENTON. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Indiana.

Mr. DENTON. Did they not have \$700 million that they could not spend?

Mr. PASSMAN. To be exact, \$726 million remained unobligated in the several categories of the mutual security program.

Now, if the Congress wants to take this matter away from this subcommittee, and handle the program as proposed, where even the Members of Congress themselves will find it difficult to find many of these items, I shall abide by your decision.

(Mr. PRESTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PRESTON. Mr. Chairman, I rise in opposition to S. 2130, to amend the Mutual Security Act of 1954.

A careful study of this bill convinces me that if it is enacted, as passed by the Senate, the American taxpayer may well find himself burdened for years to come with obligations to continue spending billions of dollars abroad under the program of mutual security.

This bill is so worded that this program of spending billions abroad each year may be continued indefinitely. I believe this is wrong. It is my conviction that the American taxpayers should not be obligated on any such long-term basis as this.

My only recourse in protest against these provisions is to vote against the bill in its entirety. It is my purpose to vote against the mutual-security bill when it comes up for final passage.

Another factor in my decision is the conviction that the pressing need of our American taxpayers for tax reduction is far more acute than the need to appropriate further billions for foreign aid. The reduction or elimination of foreign aid is the surest way I know to save the taxpayers money and assure a tax cut for our overburdened people.

Furthermore, it appears to me that we in Congress must consider the fact that, in some instances at least, American officials in charge of the mutual security spending, actually encounter difficulty in finding suitable projects for which to allocate mutual-security funds. Surely, when it is hard to find worthwhile projects on which to spend our taxpayers' money, the time has come to stop this foreign spending on such a lavish scale.

As the gentleman from Virginia [Mr. SMITH] pointed out in debate yesterday, some evidence, which is, of course, clas-

sified by the Eisenhower administration, has been presented to show that there is profiteering and graft in the spending of these funds abroad.

The fact that the report on this situation is held in secret should make this House all the more wary of authorizing the expenditure of further billions for foreign aid. Perhaps, these charges of graft and corruption are untrue, but until the full story has been spread on the RECORD for the Congress and the American taxpayer to evaluate, I shall not vote to continue this foreign aid spending.

I concede readily that in past years much good has been accomplished through the foreign aid program. Our allies have been strengthened economically and our funds have been used to bolster their military strength and thus build up our armed might against communism. Of this I heartily approve.

However, many of our allies now possess thriving economies. Also, it is my conviction that military assistance, where the need is proven, should be dispensed by our defense department and not through the civilian channels of the International Cooperation Administration.

When military assistance needs are determined by our military authorities and the administration of such funds handled by our military experts, then I shall be willing to consider further the extension of military assistance funds to our allies abroad.

In the meantime, Mr. Chairman, I must voice my opposition to this foreign aid bill and assert in the strongest terms my determination to vote against its passage.

Mr. FULTON. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan [Mr. BENTLEY]. I believe that this amendment will help guard these foreign aid military funds which ought to be closely watched. I want to compliment the gentleman from Louisiana [Mr. PASSMAN] on the good work his subcommittee of the House Appropriations Committee has done over the past 2 years. I have been one who has been trying to limit the useless spending of foreign aid funds and keep the amounts moderate.

There is another item of foreign aid that has turned up in the last fiscal year 1957. That is \$200 million which was found to be needed for the Mid East, which required no appropriation, either as the extra funds were found in the total authorization and appropriation. So that I think both the gentlemen from Virginia [Mr. GARY] and the gentleman from Louisiana [Mr. PASSMAN] could add that to their figure of \$726 million, so that it would be really \$926 million available.

When we look at the problem of the jurisdiction of the Committee on Foreign Affairs we should say to that committee, "Keep the jurisdiction of foreign affairs; do not fragment it around various other legislative committees by giving up your power and authority voluntarily." Because if this military fund is to be put over into the military budget under the jurisdiction of the Armed Services Com-

mittee, then why should not the foreign loan development fund be put under the jurisdiction of the Committee on Banking and Currency? The Banking and Currency Committee has jurisdiction now of the Export-Import Bank and loans of that character. As a matter of fact, it will be said that we have jurisdiction, in the Committee on Foreign Affairs, over the foreign loans, and of lending by the Government directly to foreign countries, under the 1946 Reorganization Act. And that is correct. But before we in the House make a change which puts into the military budget an undetermined amount of foreign military hardware and funds, we should realize all the departments have to do is mark this equipment "foreign" and mark the other "domestic" from time to time. Then what kind of accounting procedure will the subcommittees of the Committee on Appropriations be able to follow?

I would like to ask the gentleman from Louisiana [Mr. PASSMAN] as well as the gentleman from Virginia [Mr. GARY] if that is not the case, that it would become almost impossible to determine which is foreign and which is domestic equipment and the chances of good accounting will be greatly reduced?

Mr. PASSMAN. We do everything within our power to keep from embarrassing our friends downtown and at the Pentagon; but the gentleman has made a statement of fact.

Mr. FULTON. I thank the gentleman very much.

I want to make the point that if we in Congress are going to have foreign policy procedures determined by the foreign policy committee, which is the House Committee on Foreign Affairs, then the giving of arms abroad to foreign countries should be carefully scrutinized by that committee. This vital problem should not be in the hands of the armed services but the policy should be in the place where it is now, in the House Committee on Foreign Affairs where experienced policy people are to be found.

For example, the trouble with the Girard case is simply this; it was an Army procedural "snafu." Let us face it. Why should the Girard case have been first taken up, involving as it did the serious question of a United States serviceman's liberty in Japan, by a first lieutenant, the commanding officer of the particular battalion of the man's regiment? That man knew nothing about the Status of Forces Agreement, or the protocol with Japan. Why was this policy put in his charge when he had no experience?

Of course, we must have these policy matters determined by people who determine policy. That is why I favor the amendment of the gentleman from Michigan, which bars taking military foreign aid out of the policy committee, to put the policy over into the military hardware committee.

So anybody in Congress who wants to save money, anybody who wants to watch this foreign aid program closely, anybody who wants to keep policy in the policy committee and know where the policy is, should be on guard that we are not sowing dragon's teeth abroad

by loosely handling military foreign aid that will sprout up later and cause us trouble. Such members should be for the amendment of the gentleman from Michigan [Mr. BENTLEY] which I favor.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Virginia.

Mr. GARY. In answer to the inquiry that the gentleman directed to me a few moments ago, I would like to say that as I see it, if this bill is adopted, there will be no foreign aid program, as such, next year.

The military expenditures will be in the military budget, and the economic aid will be under the development loan fund. Under this bill we would not require them to come before the Congress but it would give them the right to go directly to the Treasury and borrow \$750 million next year and the year after. So there would be no foreign-aid program.

Mr. FULTON. The gentleman is right, except for the foreign aid technical assistance funds, but that would simply be the icing on the cake.

Mr. GARY. It would just be a mere bagatelle.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Under special assistance it is appropriated for a 3-year period, and it would just about abolish the foreign-aid program.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I take this time to ask the gentleman from Michigan this question: If the gentleman's amendment is adopted, that means the military assistance funds will continue to be handled as at present and will not be administered by the Defense Department. Is that correct?

Mr. BENTLEY. Yes. If my amendment is adopted the authorization will be for 1 fiscal year in the amount of \$1,500 million, period. That is all it will be. There will be no authorization for fiscal 1959, no authorization except for the 1 year.

Mr. GROSS. Where will the administration of military assistance rest? Will that be in the Pentagon?

Mr. BENTLEY. I should like to have that question directed to the gentleman from Louisiana.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Iowa, so that I may answer his question.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. GROSS. Who will administer these funds under the amendment, or does the amendment go to the funds at all?

Mr. PASSMAN. The funds will be administered by the Defense Department, with the ICA acting as supervisor. That is my understanding.

Mr. GROSS. They will remain under the jurisdiction of the ICA?

Mr. PASSMAN. As far as I know there will be no difference whatsoever, other than that a different subcommittee will handle the requests for appropriations. It will be appropriated to the President.

Mr. GROSS. Did I understand a little bit ago that defense support money—

Mr. PASSMAN. The defense support will be administered by the Director of the ICA.

Mr. GROSS. But the committee refused to put defense support under the Defense Department?

Mr. PASSMAN. That is my understanding.

Mr. GROSS. What sense does that make?

Mr. PASSMAN. Let the gentleman figure it out if he can.

Mr. GROSS. Here we will have a horde of military people going over the world handling military assistance if the committee action prevails, but the same committee would leave defense support in the ICA with a horde of civilians going overseas to take care of that program. Does the right hand know what the left hand is doing in this case?

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. HAYS of Ohio. Not only that, unless the amendment is adopted there is authorized right now, this minute, any amount of money they can get from the Committee on Appropriations next year. It says "any amount." It does not limit it to any \$1,500,000,000. This says "such sums as may be necessary."

Mr. GROSS. I appreciate the comment of the gentleman from Ohio and that is another reason why I am going to vote for the amendment of the gentleman from Michigan.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, I shall not use all my time because I have already made the point I wanted to make. I reiterate that unless the Bentley amendment is adopted we are right now, in the very next few minutes, authorizing for next year, not only for this year a billion and a half, but for next year "such sums as may be necessary," which means as much as they can get from the Committee on Appropriations.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I am sorry to have this matter caught in this most interesting hassle between two subcommittees of the Committee on Appropriations. I myself did not vote for the Selden amendment in the first place, because I did not quite understand it at that time. However, the basic reasons

given for it were two: One, every year the Committee on Foreign Affairs has been berated by some who have said it gets away with a great giveaway economic program all around the world under the cloak or on the coattail of military aid.

They have said that only by talking about military aid for allies and the military defense of America have we pushed through all the alleged handout economic aid. So last year our committee recommended that all the military aid be taken out of the so-called foreign-aid program and put in our own national-defense budget. This section does just that. And what happens? We are getting cussed for supposedly trying to hide military assistance. All we are trying to do is what you previously accused us of doing the opposite of. That sentence is a little complicated, but it just about exactly describes the situation. If we must not put military assistance in our mutual-security budget because it allegedly is used to put over economic aid; and we must not put military assistance in our defense budget, lest it be hidden there, then where should it be put?

The other reason given was that since our military people have testified that every single dime of this military assistance is part and parcel of our total program for the defense of the United States, it did seem to us to make sense to put all the appropriations that have to do with the military defense of the United States under the appropriation subcommittee that handles our defense budget. Then the planes are all authorized and manufactured together, the tanks are all bought together, the ships and the ammunition and the artillery and the antiaircraft and the radar are all bought together, whether they can best defend us by going to our forces in the United States or in Okinawa, or to allied forces in Italy or Turkey or Japan. The Pentagon would recommend to one appropriations committee how much it needs for all aspects of our defense. It makes sense, it seems to me, to put appropriations for our total military defense together. Some in our committee were not too keen about giving up this authority. We did it at your insistence. Now we are accused of trying to hide something from you. This is really one for the birds.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, I rise in support of the committee amendment and in opposition to the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The committee amendment was not intended, as has been alleged, to hide anything from anyone. It was offered so that the military assistance funds, now used as a slush fund by the Defense Department under the guise of foreign aid, will be placed in the proper perspective.

Year after year the Foreign Affairs Committee has heard testimony from the highest officials of our Government, including the military, to the effect that the military aid provided under this pro-

gram is an integral part of our own defense. In 1955 Admiral Radford stated to our committee:

The military aid program is part and parcel of the United States Defense Department program. The expenditures abroad in support of our alliances do not differ in purpose, scope, or objective from our own military expenditures.

Again in 1956 Admiral Radford testified that the mutual security program "is an essential part of the defense of the United States and of the free world. In planning military programs of the United States the existence and scope of the military assistance program is fully considered. There is no duplication. They supplement each other. Both are essential to our own national defense."

Last year the Foreign Affairs Committee recommended in its report that military assistance funds be included in the Defense Department budget. By proposing a continuing authorization for military assistance the executive branch submitted a bill this year that complied with the committee's recommendation. The adoption of the administration's proposal, however, would have removed the military part of the program from policy guidance and control by the authorizing committees, except on such occasions as changes in language might be needed.

Since the Department of Defense budget is invariably presented well in advance of the mutual security program, the problem was how to provide an authorization for the latter that would combine it with the Defense budget and, at the same time, permit a review by the authorizing committee. The Senate attempted to achieve this goal by substituting a 2-year authorization with specific sums for each of the years. Yet, this approach was not entirely practical as a specific authorization for fiscal year 1959 had no basis of justification.

The committee amendment resolves this problem and the committee report describes the solution:

The technique adopted was to make a specific dollar authorization for this year, since the funds obviously cannot be placed in the Department of Defense budget for fiscal year 1958, and to grant an unlimited authorization for fiscal year 1959. It is contemplated that next year the military-assistance funds will be placed in the Department of Defense budget and that the Committees on Foreign Affairs and Foreign Relations will review the proposed program for that year. If the proposed programs appear to be unreasonable or if there appears to have been laxity in the management of the program, the committee can then insert a dollar limitation for fiscal year 1960 or refuse to authorize for fiscal year 1960 thereby compelling the executive branch to return to the authorizing committees for policy guidance for that fiscal year. Under this system, the executive branch is enabled to place the military-assistance funds request in the Department of Defense budget, but at the same time the committees exercise a firm residual authority to refuse to authorize the program or to place dollar limitations on the authorization and to make corrections should laxity, mismanagement, or waste be evident.

Under the committee amendment, the Foreign Affairs Committee will retain the power to authorize funds for the mili-

tary-assistance program and the Appropriations Committee will continue to appropriate these funds.

Mr. Chairman, this committee amendment is, in my opinion, meritorious and should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CARNAHAN] to close debate on the pending amendment.

Mr. CARNAHAN. Mr. Chairman, again I want to assure the Members of the House that the Committee on Foreign Affairs has no intention of hiding anything. We feel that this appropriation should be in the Department of Defense. If we were attempting to hide something, from my observation, and I might say from my admiring observation of the great Committee on Appropriations, I believe we have gone to a poor place to do so.

Mr. Chairman, I ask for a vote on the pending amendment.

The CHAIRMAN. The time of the gentleman from Missouri has expired; all time on this amendment has expired.

The question is on the substitute amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken, and on a division (demanded by Mr. BENTLEY) there were—ayes 136, noes 31.

So the substitute amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment as amended.

The committee amendment as amended was agreed to.

The Clerk read as follows:

SEC. 3. Chapter 2 of title I of the Mutual Security Act of 1954, as amended, which relates to southeast Asia and the Western Pacific, and direct forces support, is hereby repealed.

SEC. 4. Title I, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to defense support, is further amended as follows:

(a) Amend section 131, which relates to general authority, as follows:

(1) In subsection (a), before "designed" in the first sentence, insert "specifically."

(2) Strike out subsection (b) and substitute the following:

"(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this section not to exceed \$800,000,000, which shall remain available until expended. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this section not to exceed \$710,000,000, which shall remain available until expended."

(3) Strike out subsection (c), and redesignate subsection "(d)" as subsection "(c)."

(4) Add a new subsection (d) as follows:

"(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this act."

(b) Repeal section 132, which relates to the Korean program.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 4, line 11, strike out "\$800,000,000" and insert "\$700,000,000."

Mr. BENTLEY. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY to the committee amendment: On page 4, line 16, strike out "\$700,000,000" and insert in lieu thereof "\$500,000,000."

Mr. BENTLEY. Mr. Chairman, it is very simple to explain my amendment. The bill as reported by the Senate contained the figure of \$800 million for defense support. The committee reduced that by \$100 million to \$700 million and my amendment would reduce it another \$200 million down to \$500 million.

I would like to call the attention of the Members of the Committee to page 102 of our minority report where we point out that as of June 30 in undelivered materials, commodities, and services in the pipeline there were \$6,232,734,000, of which \$4,380,594,000 was military plus \$1 billion in counterpart funds, plus \$1 billion in Public Law 480.

I think this idea of economy has been well explained in general debate, so I will take no further time.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

Mr. Chairman, if there is any place where our committee has cut it too fine it is on defense support. The administration request was for \$900 million. The Senate cut it to \$800 million. We have now cut that to \$700 million and the pending proposal would cut it another \$200 million. We have already cut it down \$461,700,000 less than it was last year.

Here is what defense support goes for. Of the 39 countries receiving military assistance only 15 receive defense support and 75 percent of it is for the 7 countries immediately around the perimeter of Communist China—Korea, Formosa, the Philippines, Thailand, Vietnam, Laos, and Cambodia. The balance is largely for Pakistan, Greece, Turkey, Iran, and Spain. That is a group of resolute countries that are ready and willing to face the Communist menace but simply do not have within their economy the economic strength to support the forces they are willing to raise and maintain and that we think they should have in the common defense.

Mr. Chairman, we can go too far in the matter of cutting this bill. The January budget on this bill was \$4,400,000,000. This bill is \$1,160,000,000 below the January budget or a cut of 25 percent. The amended budget when the administration found they could save \$500 million, was marked down to \$3,864,410,000. This bill is \$622,077,000 or 16 percent below that budget. There are now unobligated balances in this program of \$685 million. The \$622 million practically wipes out that unobligated balance. This bill is \$375 million below the Senate bill.

Now to put it on a cash and credit basis—and I am glad to see that so much of this bill is in the form of credit—the amended request for January was \$3,364,000,000 in cash. We have cut that part \$622 million or over 18 percent. The credit amount was \$2 billion and we have cut that \$500 million. We cut it back 25 percent. This bill is now \$524 million below last year's appropriation. We have cut the military assistance \$400 million already—that is passed in the bill as a committee amendment—below what the administration request was. We have cut this vitally important defense support item \$200 million.

I beg of you, do not cut it any more and cut off economic support for these brave countries that are facing across their borders the Communist menace.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I wonder if the gentleman from Ohio would not admit that since this bill has passed the Senate, Public Law 480 has passed both Houses of Congress, and there is no reason that the extra billion dollars which will stem from the extension of Public Law 480 cannot be used partially for defense support?

Mr. VORYS. Oh, no. The agricultural surpluses will be used primarily in defense support under this act.

Mr. LAIRD. When this bill passed the Senate Public Law 480 had expired at the end of June 30, and we had a new estimate entirely which would bring about another billion dollars.

Mr. VORYS. It was contemplated when they made up their Public Law 480 program and its uses that we would have a large percent of defense support furnished in the form of agricultural surpluses through appropriations under this bill. Because the amount of agricultural surpluses that can be so used is now limited, we have reduced the amount that has to be used in this way but they will be compelled to use under this bill \$150 million in the form of agricultural surpluses.

Mr. LAIRD. But much more could go since the extension has passed.

Mr. VORYS. I think the gentleman is wrong. That use of agricultural surpluses in this bill was contemplated when Public Law 480 extension was recommended by the administration.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Virginia.

Mr. HARDY. Maybe the gentleman from Ohio could answer it, or the gentleman from Missouri. I notice that the report states that there has been a reduction of \$671.7 million from last year's appropriation for this item of defense support. Now, this bill puts in the word "specifically" for defense support and eliminates economic aid that heretofore has gone into this catchall defense sup-

port. Now, can anyone tell us how much of last year's expenditure was actually for economic aid so that we can make a proper comparison? Otherwise, there might actually be an increase.

Mr. GROSS. The gentleman will have to ask somebody besides the gentleman in the well of the House. I cannot answer the question.

Mr. HARDY. There could very well be an increase.

Mr. GROSS. I might call on the gentleman from Minnesota. Perhaps he can answer it.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I would just like to apologize for the fact that nobody got up to answer, and I think the reason is that probably we could not get the answer from the ICA, so nobody knows.

Mr. GROSS. The gentleman from Ohio [Mr. VORYS] spoke of certain down-trodden countries over in Asia as being perhaps the greatest beneficiaries of defense support, is that correct? Is that where the bulk of the money is going?

Mr. VORYS. Yes, Korea, Formosa, Vietnam. I think they are pretty beat-up countries that are doing a pretty fine job.

Mr. GROSS. How about NATO countries? How much defense support money is going over there?

Mr. VORYS. None.

Mr. GROSS. Well, on page 185 of the Senate hearings I find this language.

Mr. VORYS. Greece and Turkey.

Mr. GROSS. Just a moment. Senator FULBRIGHT was questioning Mr. Sprague. I suppose he is one of the numerous assistants to the assistant over in the State Department. Senator FULBRIGHT was asking questions about defense support to NATO, and this is what Mr. Sprague said:

Yes. I can amplify the answer to this extent: overall the United States contribution is roughly 40 percent throughout the NATO area. We also have a small facilities assistance program. In both of those the United Kingdom has shared with other NATO countries so that to that extent part of our 1957 and 1958 programs will have an impact on the United Kingdom.

So, you are still dishing out a pretty fair wad of money to NATO, are you not?

Mr. VORYS. Our information is that except for Greece and Turkey there is no defense-support money to go to NATO countries at all.

Mr. GROSS. I hope the gentleman is right; I hope for the best and fear the worst.

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the pending amendment.

In answer to the question regarding the addition of the word "specifically" to the legislation, the word "specifically" was included in the Senate version of the bill and it was included to get a clearer definition of defense support. By the addition of the word "specifically," defense support is restricted to commodities, services, financial, and other assistance designed to sustain and increase military effort.

As has been pointed out, the committee has made a rather drastic cut in this figure already. In support of the figure as offered by the committee, I would like to read from the committee report on page 6:

It is impossible for us to estimate what military strength the other nations of the free world would now have were it not for our military assistance program. However, we can get some indication of the contribution which the program has made by looking at the progress of our allies since the beginning of the mutual effort. In 1950, our allies' active ground forces numbered about 3½ million men, mostly ill trained and poorly equipped. In their naval forces were fewer than 1,000 combatant vessels. Their air forces were equipped with about 11,500 aircraft, of which fewer than 500 were jets.

By the end of 1956, there were 4.8 million men in the ground forces of our allies—an increase of 37 percent. In their navies were over 2,300 combatant vessels, an increase of 139 percent. Their air forces were equipped with over 12,000 conventional aircraft, and the number of jet aircraft had increased to nearly 11,000—22 times as many as they had in 1950.

For many of our friends to support military forces of this size they are going to need the assistance which the committee offers.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I am happy to yield to the gentleman.

Mr. HARDY. I certainly want to add my word of commendation for the item of defense support. I think it is a highly desirable item in a mutual-assistance program. The only question which has not been answered is the extent to which the committee action actually reflects an authorization below last year's expenditures.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. I have been able now to find that figure asked for earlier by the gentleman from Virginia. In this current year they are spending on defense support \$1,195 million, or approximately \$1.2 billion. They estimate that they will save between two and three hundred million dollars by excluding from defense support hereafter some of the things that were more or less vague economic support, but not specifically used for the building up and support of armed forces. So when they asked us for \$900 million, they were cutting down their request by \$300 million from the amount spent last year. The committee has already cut it \$200 million more. That means we have already made a 22-percent cut below what they asked for after they had previously taken out the \$300 million.

Mr. HARDY. Mr. Chairman, will the gentleman yield further?

Mr. CARNAHAN. I yield to the gentleman.

Mr. HARDY. Then I take it that is a projection of what they expect next year rather than a comparison with last year's actual expenditures?

Mr. JUDD. Their estimate is that they are going to spend this fiscal year for defense support \$1,101,000,000. They

spent in the last fiscal year \$1,195,000,000. So they think they are going to need \$94 million less this year. By excluding or putting in another category \$200 million that heretofore has been included under defense support, they got it down to \$900 million. The committee cut that to \$700 million.

Mr. HARDY. Mr. Chairman, I do not care to press the point. I think, though, the gentleman from Minnesota is talking about some possible estimate for the future rather than as actual computation of the past. I have not been able to, and I have tried diligently to find out what that distinction is. They have not been able to give it to me. I am willing to go on faith to a considerable extent.

Mr. JUDD. It has to be an estimate at this time. Until this legislation is passed, there will be no division of defense support. It will still all be lumped together. If we pass this legislation putting into it the word "specifically" it will be divided hereafter. That will take out of defense support something over \$200 million.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the recent colloquy has certainly proven one point, that there is a very unclear picture of much of this mutual-aid program. Even the experts become confused and certainly do not give those of us who are not experts a very clear picture of the situation.

Mr. Chairman, it seems to me that the part we can play in reducing the present mammoth budget is rather unimportant, but that if we recognize the broader implications of the present budget request and particularly, the mutual security program portion of it, we might be able to play an important role in bringing about a reduction in the size of the budget next year. Unless something is done soon, we will most certainly be faced with a larger budget request a year hence, and the year after that.

I think we should ask the question of why is it that 12 years after we fought a 3 trillion dollar war to make the world safe for free nations, we are confronted with our largest peacetime budget, 57 percent of which is for defense. I think we should observe that the central purpose of our foreign policy is to achieve peace and that war and the need to prepare for war, indicate the failure of our foreign policy. Viewed in this light, the amounts included in our present budget to pay for past wars, as well as future wars, add up to over 80 percent of the total, making foreign policy and its administration the most important single problem that we face.

Accordingly, let us take a look at the mutual security program and its relation to our total national security budget.

In his May 21 speech, our President presented his revised request of \$3,865,000,000 for the mutual security program. It comprised six items. Two of these, military assistance, defense support, and special assistance are basically military.

The President said, "Our expenditures for defense assistance differ neither in basic purpose nor character from those

for our own armed forces," and proposed that next year such items be included in the "regular Department of Defense budget." There is no reason, therefore, why we should not, for purposes of discussion, so include them this year.

There are three remaining items in the mutual security budget. One of these is for the development loan fund, which is not an expenditure, but for loans which are to be repaid. There might not be 100 percent realization of these repayments and some fraction of the \$500 million figure may ultimately represent an expenditure.

This leaves two items—\$152 million for technical cooperation and \$113 million for multilateral programs, such as the peaceful use of the atom. These two items, totaling \$265 million in the revised request, are therefore the only items which represent a request for cold war weapons.

On another occasion, the President pointed out that all of our military expenditures are negative—they are made necessary by world tensions, but they do not reduce world tensions. The only expenditures in the mutual security budget which might be used to reduce world tensions that might be regarded as positive are these two items for technical cooperation and multilateral programs, our cold war weapons, totaling, as I said, \$265 million.

Since our total defense budget, including the military items in the mutual security budget, runs close to \$40 billion, we are confronted with a rather amazing situation, \$40 billion for hot war weapons, which are negative in the quest for peace and less than 1 percent of that amount for cold war weapons, which can be positive factors in the quest for peace.

It seems to me that we should question the strategy revealed by these figures. Are the appropriations requested for reducing world tensions adequate for that purpose? If they are not, we will surely be confronted with the request and the urgent necessity for a larger defense budget next year.

Even more importantly, we might observe that cold-war weapons, economic aid, technical assistance, and so forth, the same as military weapons are available to the Communist nations, as well as the free nations. It is not enough to have sufficient cold-war weapons; it is more essential that we have the skill and the strategy to use them.

The responsibility for the use of cold-war weapons rests primarily with the Department of State, which is responsible to the President. Even a cursory review of the State Department's operations since it has been confronted with the new role of world leadership which we found in our laps after the end of World War II, reveals its failure to adjust itself to its new responsibilities.

The House Committee on Government Operations report on the administrative management of the Department of State, published a year ago, May 16, 1956, revealed that the administrative management of the State Department is woefully weak, and quoted excerpts from the Heller report so shocking that in any private business the responsible admin-

istrative official would be immediately removed. These shortcomings are still uncorrected.

The present leadership of the State Department has not only shown a lack of skill in using cold-war weapons, which are a new development in the art of conducting international affairs, but even refuses to use them at all.

Propaganda is one of the most important cold-war weapons. An information program was originally set up by a non-career assistant secretary, but was later pushed out of the Department and is operating as a separate, almost unrelated operation. The European economic program was originally set up outside the State Department because of the considered judgment that the Department was incapable of either staffing or administering such a program. The State Department showed no ability to realize the powerful leverage that our economic programs gave us in dealing with the problems of world leadership at the time of the Marshall plan, and we still find our technical-assistance programs which have similar, if less effective, opportunities for supporting our strategy, in the hands of a semiautonomous agency.

There is, in other words, no adequate coordination of the various branches of government concerned with our cold-war strategy, and we may question whether we have any strategy, except to wait for something to happen.

Mr. Chairman, having painted the picture as it is, it would be remiss if we left the impression that this is a hopeless situation. Far from it. The need is there and the national interest requires that we meet the challenge which is being presented to us. I, therefore, respectfully propose for the consideration of my colleagues two fundamental thoughts:

First. The American people have within their power the ability to elect national officials who will be determined to concentrate on an effective development of cold-war weapons. This requires (a) a program, and (b) the competent leadership to administer it. Today we do not have such a determination by the present administration.

Second. In the interim period, a useful purpose can be served, especially in the legislative field, by having the Congress of the United States fulfill its share of the responsibility. In order to do this, we need some fundamental review and advice and I hope the leadership will soon consider a joint resolution, setting up a joint committee of the House and Senate upon which there would be representation from all properly interested committees, such as Foreign Affairs, Appropriations, Armed Services, and their counterparts in the other body. To this committee should be added an advisory group of those who have made it their specialty of gathering information and studying both past performances and present, as well as future needs.

This group is available in existing departments of many of our great universities and colleges. A proper selection made jointly by the Speaker of the House and the presiding officer of the

other body would give a proper balance to the proposed study.

If these or similar steps are taken, I firmly believe that we can win the cold war and anticipate a program which will be within the capabilities of the American taxpayer, and will eventually drastically lessen the present load.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Ohio.

Mr. VORYS. I have just found the figure that was asked for a little bit ago, the \$1,167,000,000 appropriation for defense support last year. It is estimated that \$230 million was of the character that would be development assistance under the present bill. But that was before the committee itself put in words which will make development assistance even more limited. However, I think that for the purposes of consideration today, my own mental estimate was it was \$200 million, but it is \$230 million of the defense support appropriation last year that was expended for what will be in the future called development assistance.

Mr. ROOSEVELT. I can only say that I hope that after that explanation everybody fully understands the situation. I certainly do not, even though I know the gentleman has made every effort to make it clear.

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, of all the places in the bill, defense support is the one where further cuts, I fear, would hurt the United States most. As has been stated by 2 or 3 other Members, these funds are to shore up and keep going the economies of certain countries which have defense establishments much larger than their economies can possibly support. There are 20 divisions in Korea with a war-shattered economy, and about 20 divisions on the island of Formosa, which, while improving, is far from self-supporting. I cannot give you further figures because they are classified for certain countries. But this type of aid goes for supporting the chain of important bases and countries beginning with Spain through Greece, Turkey, Iran, Pakistan, to southeast Asia, the Philippines, Taiwan, and Korea. Fifteen countries out of the 39 to which we give military assistance throughout the world qualify for defense support because, without this aid, they simply will have to cut down drastically their armed forces, or they will have uncontrolled inflation and their economies will crack up.

Somebody said they can use Public Law 480 funds for defense support. No; they cannot, because those funds are in their own currencies, and what this \$700 million is for is to enable them to buy in this country, or for us to buy for them, and ship to them consumer goods and fuel and machinery; and \$150 million earmarked for surplus agricultural commodities and so on, which only dollars will buy and not their own currencies. They simply cannot maintain their

economies; they cannot adequately feed, clothe, and house their soldiers, and maintain their military establishments, in these 15 countries that are the weakest, without defense support.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. LAIRD. I would like to ask the gentleman what percentage of the \$700 million in this bill is spent in the United States. I believe the impression you gave was that the great percentage of it was spent in the United States.

Mr. JUDD. Practically all of it will be spent in the United States.

Mr. LAIRD. I do not think that in defense support you will find that more than 50 percent of it is spent in the United States.

Mr. JUDD. Doubtless you will find that some of it may be spent to buy, for example, in the Far East, oil in Sumatra or the Persian Gulf, because the freight to the Far East is so much less by the short haul from those oilfields than it is to bring the oil from Venezuela or Texas.

Mr. LAIRD. Your committee must have figures available as to how much of this money is spent in the United States.

Mr. JUDD. Yes; I could look up the figures, but the great bulk of it will be spent in the United States. Petroleum products is one of the single, biggest items. How can they maintain their air force; how can they keep their tanks running, and even jeeps, without gasoline? Remember, many of these countries do not have any oil resources of their own, and a modern army cannot move without oil.

Mr. LAIRD. There is no reason why counterpart funds generated under Public Law 480 cannot be used in the defense support.

Mr. JUDD. They are used. But counterpart funds generated under Public Law 480 are in their own currencies and these currencies will not buy oil from some country where dollars are required. The \$700 million is what they must have in addition to counterpart funds, after using the latter to the maximum.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. CARNAHAN. The entire amount is going to be spent in this country.

Mr. JUDD. That is my impression, ultimately, but I was not going to be that dogmatic about it.

Mr. CARNAHAN. Because it is in dollars and will be eventually spent in this country. I would like to ask the gentleman further—would you not agree that further reduction in this figure will have to result in a curtailment of the military strength of these countries?

Mr. JUDD. Most certainly.

One reason defense support is so crucial now is because the arming and equipping of these forces is pretty well along. That has been done under military assistance. So I did not protest as much when the \$300 million were cut out of military assistance. The big problem now is to enable these countries to build up their economies so that each year they can carry a larger part of the support of their armed forces and will not have to

come back to us for millions of dollars to support them every year as far ahead as you can see. To cut down on defense support now will cost us more in the long run.

Again, with the narrowing of defense support to only those commodities necessary to maintain our military bases abroad and to enable certain allies to maintain their large armed forces, vital for the common defense, the fund is smaller and there is less room for cutting.

Furthermore, this is mostly consumer goods or materials with a short production lead time. Some of the items in military assistance take 2 or 3 or 4 years to produce and if you cut that appropriation those weapons will still come out of the pipeline. But if you cut defense support, more of which is consumer goods or materials to be produced and delivered within this next year, you will force some countries almost immediately into a financial crisis.

Mr. DENTON. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. DENTON. Did the ICA present any evidence to your committee as to how much of defense-support items could be purchased with counterpart funds—Public Law 480 funds—or could be taken out of the pipeline?

Mr. JUDD. Yes; and they said if we were to cut this \$700 million which is needed above and beyond Public Law 480 funds, then it would be an impossible situation.

Mr. DENTON. What can be taken out of 480 funds, the counterpart funds? How much did they tell you could be purchased with 480 funds and pipeline funds and with counterpart funds? Did they give you any figure or any calculation?

Mr. JUDD. The important consideration here is how much they have to have in dollars in addition to what can be bought with 480 funds and counterpart funds and pipeline funds.

Mr. DENTON. How much did they tell you they were going to spend of counterpart funds and how much were they going to get out of the pipeline?

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I suppose I really should be down here to oppose the Bentley amendment since the \$780 million committee amendment is my amendment, which was offered by me in committee. But, I am a little reluctant to defend the figure because I think when they get into conference the conferees are going to go higher so perhaps it would be better to have a lower base to start from. It puts me in a sort of an anomalous position. I would just like to ask my friend, the gentleman from Minnesota, a few questions on this defense support money which you say is all going to be spent in the United States.

Now, is it any top military secret what they are going to spend this for?

Mr. JUDD. No; I did not say it is all going to be spent in the United States.

Mr. HAYS of Ohio. Just a minute. The gentleman from Missouri said in

your colloquy with him that it was all going to be spent here. You said you believed that but did not want to be dogmatic.

Mr. JUDD. I meant that it would be spent here in the sense that it is impossible to separate dollars from the American economy, for ultimately they must come back to be spent here buying American goods.

Mr. HAYS of Ohio. Just a minute about that spending program, but I do not want to get into a long exaggerated statement. Suppose you decide as a defense support measure to build a pipeline in France to an airbase. That is defense support; is it not?

Mr. JUDD. That would come under the infrastructure.

Mr. HAYS of Ohio. Can the gentleman give me an example of what defense support is?

Mr. JUDD. Defense support, for one thing, would be fuel for tanks, planes, ships, and supplies to keep 2½ million troops in being and on our side.

Mr. HAYS of Ohio. Where is the fuel bought for most of Europe? It is not bought in this country; it is bought in the Mideast.

Mr. JUDD. It is bought in the Mideast and for some other areas in Sumatra.

Mr. HAYS of Ohio. And it is paid for in dollars or pounds or what kind of currency?

Mr. JUDD. As I said earlier, it is paid for in dollars, but eventually those dollars will have to be spent here; there is no way to keep them from coming back to America to buy goods here.

Mr. GROSS. As I understand we are even paying the salaries of foreign troops under this defense part of the foreign aid bill.

Mr. JUDD. That is taken care of out of their own currencies paid to us for Public Law 480 commodities or other counterpart funds generated by materials that we send to them.

Mr. GROSS. Do not tell me you are going to solve the foreign problem that way.

Mr. JUDD. They are getting a great deal of help under Public Law 480 funds for local support and maintenance of military forces.

Mr. HAYS of Ohio. Mr. Chairman, I think you see what we are confronted with in the Foreign Affairs Committee, let alone in the House. You cannot find out exactly what they are going to do with this. So I do not know whether \$700 million, \$800 million, \$500 million, or \$600 million which is the amendment I offered, is the proper figure. But I will tell you this, which was told to us by Ambassador Richards, who was formerly chairman of this committee. He was asked this question:

How much do you think we ought to give them?

You will remember that last year he led the fight to reduce this program by a billion dollars. The Ambassador said:

We put the \$1 billion cut through last year and gave them a billion less than they asked for and they came in at the end of the year with half a billion dollars they could not even get rid of.

So who knows the answer as to what is the right amount?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. VORYS. I have been trying to avoid any argument. This defense support proposed for fiscal year 1958 in the Far East is for the following items—I will not read the countries: First, projects \$137 million; agricultural commodities \$187,900,000, including surplus \$98,200,000, and other, \$89,700,000; industrial commodities \$334 million, including materials and fuels \$231 million, machinery and equipment \$64 million, and other industrial commodities \$38 million. It looks to me as though practically all of that is going to be bought in the United States.

Mr. HAYS of Ohio. It looks that way on the surface, but it is on the surface only.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as you know, over the past years, and on the current bill, I have been for cutting these foreign-aid programs where we in Congress can. As a matter of fact it was my amendment supported by Mr. Richards, of South Carolina, that last year cut \$1 billion of military aid out of this program. The House sustained our Foreign Affairs Committee in saying that amount should be cut from the authorization for military aid for fiscal 1957, and it has turned out to be the correct and sensible approach to the problem.

I am, however, opposed to cuts of the foreign-aid program in amounts that would cripple the program. I believe that the added \$200 million cut in defense support proposed by the amendment of the gentleman from Michigan [Mr. BENTLEY], is too large a cut and I therefore oppose the amendment. It must be remembered that the Senate has already cut the administration request for defense support funds for fiscal 1958 from \$900 million to \$800 million and the House Foreign Affairs Committee has reduced that figure by another \$100 million cut, to the amount of \$700 million. We should look and see what this defense support does.

For example, there is defense support in the amount of \$170 million that under the administration proposal that goes to Greece, Turkey, Iran, and Pakistan. Of course, Iran and Pakistan are in SEATO and Greece and Turkey are in NATO. In our committee hearings it was stated the United States was getting 1 million men to assist the free world, a force of 1 million men that these fine people are providing for us for mutual and joint defense. For example, for \$170 million in the Near East and south Asia in defense support assistance, we are able to give them assistance that will keep in being 1 million men they could not otherwise provide under the strained conditions of their economy. So I am against any further cut, as a severe cut in our United States defense funds. Can we let a surge in economy peril our very defense of our good United States of America?

In the Far East for the 1958 proposals, look at part VI of the Foreign Affairs

Committee hearings and you will find this spelled out on pages 1106 and 1107. That testimony is not a secret. The gentleman from Ohio [Mr. HAYS] and I got into an argument on that question of secrecy previously and I am glad the facts are plain and public. There we find the principal commodities in defense support for the Far East to be imported under this program are bread, grains, dairy products, cotton, soybeans, fertilizer, petroleum products, textiles, machinery and spare parts, electrical equipment, motor vehicles, coal, chemicals, pulp and paper, and iron and steel materials.

It has been stated that the amount to be spent on surplus United States agricultural commodities, \$98.2 million, will be taken from the United States Government stocks and the Commodity Credit Corporation will be reimbursed in dollars by the ICA. So any Congressman from an agricultural area is really authorizing the purchase from the Commodity Credit Corporation of \$98.2 million worth of products out of the \$700 million for defense support, which is here in question.

Mr. Chairman, this is one of the best provisions we have in this legislation, because where the local countries cannot maintain these tremendous forces in their economy, we in the United States must then provide the dollars for these peoples to go out and buy these deficit commodities to maintain the defense forces. They do not have the counterpart funds to buy with because that is soft currency, and, as you can see from the various items I have read, these are generally hard-money commodities that are necessary for the keeping of necessary free world troops in the field.

I would say to you, as a responsible member of the House Foreign Affairs Committee with 13 years' experience in this Congress, do not cut the \$700 million for defense support any more. The Foreign Affairs Committee have cut it deeply already and I might say to you that the committee has done a mighty good job of watching yours and the taxpayers' interest in keeping down the amounts in this foreign-aid bill. We committee members have done it year after year after year and we ourselves have done the cutting. I hope the House will take our advice and our judgment after these many weeks of hearings from which we have determined what the real amount is, that is necessary for the security and protection of this good country of ours in these difficult and dangerous times for ourselves and our allies.

I hope the committee will stand by the Committee on Foreign Affairs. We have studied this problem for many weeks, and we need your support for our mutual protection in the free world.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Is there any reason why the grains and cereals the gentleman read off that list could not be purchased under Public Law 480?

Mr. FULTON. Actually, that is the way they are obtained under this legislation. Under Public Law 480 when another department for its own purposes, such as ICA, wants United States surplus agricultural commodities, it must then make up to the Commodity Credit Corporation in dollars the value of the commodities received. So under this legislation, there is \$98.2 million, which must be taken from this authorization for defense support and given to the Commodity Credit Corporation to pay that program for the value of United States agricultural surplus products taken out by this authorization. It is a bookkeeping transaction, but nevertheless it is necessary to have this authorization in dollars in order to get those surplus United States commodities from the Commodity Credit Corporation for this purpose. So we are really not asking for this full \$700 million in defense support.

Mr. Chairman, I urge the committee not to cut this defense support item any more because, in the Near East and in south Asia alone, this small amount of defense support in relation to needs—we are giving them \$170 million, as requested by the administration—is keeping a force of 1 million men under arms, through the fine support and cooperation of our allies in the free world. Let us measure up to our challenge, to our opportunity, and to the wonderful support and efforts of our allies and friends. We lucky, oh, so lucky, and friendly American people, size up our sacrifices for freedom with those of our friends and allies.

Are we doing our share? We must, or be our own worst enemies, and a burden on freedom and the free world peoples.

We Americans will rise to the challenge of the future.

It takes a strong people, and we are strong.

I like America.

I am glad to be counted as a United States citizen and will do my share. Let us rise above individual and group, and section and prejudice, and implement the free world that defends our liberties, our prosperity, and our very homes.

(Mr. PATTERSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PATTERSON. Mr. Chairman, I rise to state that on July 2 I introduced in the House H. R. 8512, a bill designed to give American small business and labor a larger share of the foreign aid spending program.

Regardless of the initial purposes as to why we have appropriated over \$130 billion as lend-lease, military assistance, defense support assistance, economic and relief aid, development assistance, technical cooperation, and other types of aid, the time has come after 17 years of undiminished giving to ask ourselves whether there are not some other ways in which foreign nations can also help themselves instead of asking us to assist them.

I do not speak against military aid. Currently we are spending over 60 percent of our Federal revenues for na-

tional defense simply to keep ourselves strong against possible aggression. In addition to this vast sum, we are also expending over \$4 billion annually to keep our friends strong by means of direct military assistance and so-called "defense support" or building up foreign industries devoted to the production of war material. This type of action presupposes that our friends are also expending enormous sums to strengthen themselves as members of NATO and SEATO.

Competent authorities claim that it costs \$6,600 to support one American GI in the field as compared to \$700 to maintain a Korean soldier battle-ready. They make the point that if we do not assist our friends, such as the Koreans, Filipinos, Vietnamese, or Formosans, to be ready for possible fighting, that we would simply have to spend that much more to keep ourselves armed. I shall not go into the question of military preparedness because I feel that in this atomic age, or shall I say thermonuclear age—hydrogen bomb—a third world war will be of short duration.

During fiscal 1957 our appropriation for other nonmilitary foreign aid comprises \$729 million apart from previously appropriated funds. Economic assistance as part of this total is:

	Million
Development assistance.....	\$170
Technical cooperation.....	157
Asian development fund.....	100
Middle East and Africa fund.....	100
Total.....	527

The balance—\$202 million—consists of the President's emergency fund—\$100 million—and all other categories—\$102 million.

As a result of the many studies initiated by the Senate Special Committee To Study the Foreign Aid Program criticisms stem mainly from the amount of money wasted in the dissemination of our foreign aid. It is felt that administrative procedures can be simplified markedly, with delays and paperwork eliminated to a great degree. More competent field personnel would also do much to improve the quality of services rendered under technical assistance. At the moment the United States is engaged in over 2,000 projects overseas. Better qualified personnel could do a much better job than we are doing at present.

It seems to me that in the multitudinous grant programs that we have initiated to help other nations we are somehow overlooking certain very basic essentials. We say we want to stimulate trade by building up their productive potential. We already have an institution that can do that very admirably—namely, our Export-Import Bank. This institution will study the economy of any country that asks for it and advise just what industry should be developed so as to provide merchandise for international trade. Loans can be made on a government to government basis or to private organizations. Repayment rates and amortization depend on the usefulness of the industry assisted.

We speak of developmental programs. We have an International Finance Corporation that will assist in justifiable projects that will enhance economic development and raise the level of living. Such projects consist of irrigation schemes, reclamation, water supply, sanitation, communications, and ports. These programs involve long-term expenditures of large sums. Yet, let us not forget that basically the manpower and most raw materials for the development of the substructure of an expanding economy are largely available locally. Loans, therefore, will concern only expert services or large-scale machinery.

We speak of technical assistance. Yet, is not private investment in the establishing of a factory the finest type of aid we can render? After all, in doing so we export machinery, equipment, and know-how. We give employment to the local population; we help train them in production and marketing. These ventures all raise their national product.

Certainly the bulk of American investment has gone to those countries where a reasonable profit can be expected. Risk-taking ventures financed by private investors seek a return and the conditions in underdeveloped areas are not as favorable as in the more developed areas. It seems feasible, therefore, to state that either grants-in-aid or long-term intergovernmental loans should form the basis on which basic developmental programs should be initiated. Yet, is not the International Bank ready to extend its facilities for just such purposes?

Some people feel that capital formation and rate of savings in most underdeveloped countries are such that their economies can never get off the ground as it were. This is the stagnant theory. I do not believe that only by outside help can such countries be helped.

Of course, if outside help is needed, the local country should not create obstacles and difficulties which add to the risks of foreign investments and the creation of new plants and industries abroad. The examples of Cuba, Liberia, and Ethiopia, with their large-scale concession policies, prove that foreign capital is available and that outsiders will invest if the conditions are favorable. And no one can claim that those nations are begging for outside help to develop their economies on a grant basis.

There are all kinds of proposals afoot under which some type of Institute of Economic Cooperation should be established either with United States Government funds or by means of subscription by private corporations or investors. Foreign countries can then borrow money on a long-term basis or ask that surveys be made for private investment.

Certainly equity investments rather than loans offer a better incentive for development programs to the mutual profit of the investor as well as the recipient country.

The time has come for us to reorient our thinking concerning grants to other countries. We should state unequivocally that even Government loans are not the final answer to development in foreign underdeveloped areas. The lethargy toward self-help should be dis-

carded. Any area needing foreign assistance should prove that it has exhausted all possible sources of credit facilities available and has instituted a favorable climate for investment before asking for grant assistance. I repeat, our vast private commercial and banking facilities should be tapped first, then our Export-Import Bank and International Finance Corporation should be asked for loans, and finally the International Monetary Fund and International Bank should be asked to make their lending facilities available.

Mr. MARTIN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I hope this amendment will not prevail. This legislation came to the Senate providing \$900 million. The Senate reduced the amount to \$800 million. Now the House Foreign Affairs Committee has reduced it to \$700 million. Now the amendment would lop off another \$200 million. To me this is reckless and might well upset all our defense plans against Soviet Russia. The military expenditures are a vital part of our program to defend this world from the Communist threat and to sustain our own security and keep peace in the world. Do we want to cut the bill so drastically that we will be unable to avoid war and probable defeat? Do we want to fight this battle with the Soviets only with American boys? I do not believe we do. I think it would be irresponsible to cut this amount so low that the United States cannot command the support that is essential if we are to win in the event of trouble with the Soviets. The war now is a cold war, to be sure, but it will remain cold only because we have the forces abroad so that the Soviet will not dare attack. This appropriation is the price we pay for peace, and I think we would be very foolish if we reduced the amount. Tax dollars spent for peace are well spent. If we reduced these funds too low, then the Soviets could well conclude that perhaps there was a weakening in the free world and they could strike with hope of victory.

I hope the Members of this House will think this amendment over carefully and decide the issue on the side of caution; decide it on what is genuinely best for America. If so, we will defeat the amendment and help maintain these forces in other countries. Then if war should come, it would not fall wholly on the American boys. They would have others ready and willing to help.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Virginia.

Mr. GARY. Is it not true that this is merely an authorization bill and that it will be subsequently reviewed by the Committee on Appropriations and that the House will have another opportunity to operate on this amount if they see fit?

Mr. MARTIN. The gentleman states a fact. We will have another opportunity to review it. That is why we should vote against the amendment. If his committee brings in a bill to the effect all the money is not essential, why,

then we have had the benefit of a second review.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is that not really a logical question? Why give them the arms and the tanks and the military hardware without adequate funds to run them and without giving them the food for the men and the things that they must have to keep the troops in the field.

Mr. MARTIN. It is. I would rather spend the money to maintain the armies than to summon our boys and put them under arms to assure peace and security. It is just old-fashioned commonsense.

Mr. DAVIS of Georgia. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask 2 or 3 questions of the gentleman from Missouri or the gentleman from Ohio on the other side, whoever may be able to answer them. Recently I have read and heard reports that our Government is supporting the currency of Vietnam at a cost of \$20 million per month or \$240 million per year. I would like to know if that is correct, and if that item is in this bill and, if so, where.

Mr. GROSS. Mr. Chairman, will the gentleman yield while they are looking that up?

Mr. DAVIS of Georgia. I yield.

Mr. GROSS. They could use money out of this defense support business to balance budgets if they want to.

Mr. DAVIS of Georgia. Well, I would like to have that information.

Mr. GROSS. This does not just furnish ammunition and bullets and so on and so forth. They can play around with currency in that way.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I cannot vouch for the exact figure of what it is costing the United States, but no one can deny that we are supporting the currency of this country and that it is costing us something. Now, exactly what funds they are taking it out of I am unable to answer. But they are doing it.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from Minnesota.

Mr. JUDD. This was the answer given to us when I raised a question about this alleged piaster mess in Indochina. Some is off the record.

Mr. DAVIS of Georgia. Indochina or Vietnam?

Mr. JUDD. Vietnam is the correct name, of course. This is the answer of Dr. Moyer, who is responsible for ICA programs there:

Dr. MOYER. There are certain things I can say on the record and will be glad to. There are others that probably should be off the record.

On the record, the exchange rates that have been commonly mentioned almost certainly are well above what would be a realistic rate inside the country. They have taken exchange rates in Hong Kong which don't necessarily bear any relation to a real-

istic rate within the country. More than that, Vietnam, for example, has established certain taxes levied on imports and other forms of taxes which go into the government and cover a substantial amount of whatever windfall profits there might be.

Now it is quite possible that over and above this there still are some windfall profits. In fact, I suppose there are because the exchange rates may not be entirely realistic. I would say that this is a question which the Vietnam Government is studying, we are in close touch with them and we believe something will be worked out satisfactorily.

Obviously these are delicate matters. Obviously also you can't automatically, quickly change the rate if it is going to stick. The French found that out. In 1953, in May, I believe, they thought the piaster was overvalued. So they changed it.

I think it was 18 to 1 or somewhere around that. They changed it to 35. But the economic factors to hold it weren't there. The economy wasn't stable. Prices immediately rose inside of 6 months or so, and nearly all the supposed benefits were wiped out. In other words, there was no point in changing the rates unless you have a situation where you can hold it.

Otherwise you just chase one rate after another and these countries—many of them—have gone through such bitter experiences that they are quite properly very sensitive to this whole subject.

Mr. DAVIS of Georgia. Where is that found?

Mr. JUDD. Page 1134 of the hearings, part VI.

You see, Vietnam had gone through a disastrous inflation. Their currency was practically ruined. We had the same sort of situation in Korea after the war. We said, "You ought to have a more realistic exchange rate and that will require devaluation." But they had gone through such inflation that they were afraid to start devaluation, because they feared they could not stop it. Both President Rhee and President Diem in their respective countries resisted devaluation until the economy was stronger.

Mr. DAVIS of Georgia. Can the gentleman give me this information? Are we supporting that currency, the piaster, at an expense to the United States of \$20 million per month or \$240 million per year?

Mr. JUDD. I am not in a position to give you those figures. They are classified. We are supporting the currency in the sense that defense support goes into Vietnam in substantial amounts to try to get their production up. They have just come through a war in which they lost the richest half of their country. They, and we, are trying to get their economy built up so the inflation can be checked. Otherwise the government will collapse and the Communists will take over.

Mr. DAVIS of Georgia. If the gentleman cannot answer that question, I should like to ask someone else.

Mr. JUDD. If they can get their production built up, then a more realistic valuation of their currency could be adopted, but in the meantime we are trying to support it, because the only alternative is to allow them to go down.

Mr. DAVIS of Georgia. I am just trying to get an answer to the question.

Mr. VORYS. If the gentleman will yield to me, I can only answer you in this way, that in Korea, in Formosa, and in Vietnam, our defense support helps to support the currency of the country.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I am glad to yield to the gentleman if he can answer the question.

Mr. SMITH of Wisconsin. I cannot answer as to whether or not we are still doing it today, but in a recent report, Mr. Johnston, of the United States Chamber of Commerce, brought out the fact that it is costing us \$20 million a month to support the piaster.

Mr. DAVIS of Georgia. Where can the information be found?

Mr. SMITH of Wisconsin. I have a report which I do not have with me at this moment, but I used it in the remarks I made yesterday. May I say that the bad part of that situation is the fact that our people have no control over the situation and we continue to pour in our dollars where, as the gentleman has said, in Vietnam and Korea and all these other places, they have inflation running rampant.

Mr. DAVIS of Georgia. I have been told also, and I would like to find out if it is correct, that this money which we are sending over there is not benefiting the economy of the country but actually is going into the pockets of some manipulators. Does the gentleman know if that is correct?

Mr. SMITH of Wisconsin. That was the effect of Mr. Johnston's report; yes.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman.

Mr. FULTON. The question of the total amount that was being spent for support of currencies came up and this statement was made by Raymond T. Moyer, Regional Director, Far Eastern Operations, International Cooperation Administration, as follows:

Defense support: The \$668 million proposed for defense support is for assistance to the seven countries located around the perimeter of Communist China, which face more immediately the threat of armed Communist aggression, Cambodia, China (Taiwan), Korea, Laos, the Philippines, Thailand, and Vietnam. Nearly 95 percent of this \$668 million total is programmed for the 5 of these countries that maintain armies costing considerably in excess of what they, themselves, can finance—Cambodia, China, Korea, Laos, and Vietnam.

One important part of the defense support aid proposed for this latter group of countries will be in the form of a direct local currency contribution to the military budget, or for meeting the local currency costs of the construction of purely military facilities. The amount in local currency programmed for this purpose in fiscal year 1958 is the equivalent of about 46 percent of the total \$668 million of defense support that is proposed.

Also he said:

Almost 90 percent of the defense support total has been made available to Cambodia, China (Taiwan), Korea, Laos, and Vietnam. The equivalent of about 44 percent of this amount has been programmed for local currency support to military budgets and military construction. This is being provided largely from the local currency proceeds re-

alized on salable commodities imported into the countries. The balance has been allotted for the support of projects and is being used in about equal proportions to finance necessary imports of machinery, equipment and supplies, and to help meet the associated local currency costs.

Mr. DAVIS of Georgia. Is that included in the item that is under consideration now, the \$700 million item on page 4 to which the amendment is pending?

Mr. FULTON. That has been reduced, as the gentleman knows, by the Committee on Foreign Affairs of the House an extra \$100 million below what the Senate had approved, so we have cut out \$200 million.

Mr. DAVIS of Georgia. But this is the item in which it would be found.

Mr. FULTON. Yes; part of it.

Mr. DAVIS of Georgia. I thank the gentleman.

[Mr. EDMONDSON addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY] to the committee amendment.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 79, noes 91.

Mr. GROSS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. CARNAHAN and Mr. BENTLEY.

The Committee again divided, and the tellers reported that there were—ayes 106, noes 100.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 87, noes 74.

Mr. FULTON. Mr. Chairman, I demand tellers.

The CHAIRMAN. A sufficient number have arisen in favor of taking this vote, by tellers.

Mr. CARNAHAN. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from Missouri that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill S. 2130 had come to no resolution thereon.

CORRECTION OF RECORD

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the permanent RECORD be corrected to insert my name where it was omitted on page 10727 in remarks attributed to the gentleman from Iowa [Mr. GROSS].

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CIVIL RIGHTS

(Mr. CHELF asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CHELF. Mr. Speaker, as a member of the Judiciary Committee of the House for the past 12 years, I have always tried to approach all legislation before our committee with an attentive ear and an open mind. As a result, I have unwittingly become not liberal, not conservative, not radical, but more or less a moderate, bent on moderation. For instance, last year when a civil-rights bill was reported out of our committee, I did not associate myself with the majority report, nor did I sign the minority statement. I just voted my sentiments and let the matter rest here. Later on when the petition to sign the so-called manifesto was circulated, I did not affix my signature to it. Mr. Speaker, I think that I can say that I have been fairly moderate and reasonable with respect to this very important issue. At least, I have kept my feet on the ground and my head out of the stardust as to my thinking and my emotions. As you know, I come from the Blue Grass State of old Kentucky, and while our beloved State is geographically south of the so-called Smith and Wesson Line—the Mason-Dixon—nevertheless, father fought son and brother killed brother over their honest and sincere differences of opinion in that great conflict of the War Between the States, 96 years ago. My colleagues, in my particular section of the State where I was born and even later on, while I was in the orphans asylum to which I was shipped like a wet bag of potatoes after my parents had died, I was taught that the only way to have a friend is to be one, and that living and letting live is the very essence of the Golden Rule. Coming from a community where there are lots of fine colored people, who incidentally have no trouble in voting in Federal, State, county, or city elections, and where white and colored folks have no problems, I have made a special effort to conscientiously appraise all questions pertaining to our colored friends in an atmosphere of fairness and friendliness. I can remember once, that I took it upon myself to urge an acting Governor of Kentucky, to name as a Kentucky colonel on his staff, posthumously, a fine old colored gentleman, and I repeat, gentleman, of my little town of Lebanon, who had rendered outstanding service to our State by his untiring efforts to promote good will, sympathy, respect and mutual understanding between all of our peoples. Col. Nace Spalding—I always addressed him as a colonel because he was the material and caliber of a true Kentucky colonel—died as he lived, a kind, honorable, God-fearing man who had dedicated his life to goodness. When I was prosecuting attorney in my county of Marion, I always welcomed the advice and the suggestions of Colonel Nace, especially insofar as his people and their problems were concerned. It is for these reasons, and many others, that I have a genuine interest in and an appreciation of the real needs and the interests of all our colored folks. Certainly I believe that I am

more interested in the solution of racial differences, if any there may be, than a lot of these so-called professional dogooders, running around the country, who are really no more concerned about the colored man's problems than Sally Rand is in doing her fan dance in a tin kimona. And when there is no more civil-rights ballyhoo left to exploit, this group of sadhearts will be about as active as the toes of a wooden Indian standing in a tobacco shop.

Mr. Speaker, I sincerely believe that President Eisenhower meant what he said in his July 3, 1957, news conference, when he was quoted as saying "that the objective of the civil-rights bill was only to prevent anybody interfering with any individual's right to vote." At this same news conference, the President was also quoted in the press as having stated that he would be always ready to listen to the presentation of anybody's viewpoint. Based upon what the President had to say about the House-passed civil-rights bill, I am of the opinion that he also meant it when he said that there were some parts of that particular measure that were not entirely clear to him. Fearful that the terrific duties and the responsibilities of the Attorney General might necessarily prevent him from adequately briefing the President, or to fully reveal to him the full impact and import of this legislation, I decided after much consideration to join with the vast majority of my colleagues of the House of Representatives, who voted against this measure, in calling to the personal attention of the President those dangerous, harmful, and objectionable features contained in the bill. I do not want to deprive any citizen of his right to vote, or his right to do anything else for that matter that is lawful. However, in our exuberance and zeal to protect the rights of a single individual—let us not unwittingly destroy the rights of many individuals.

Thank Heaven, in Kentucky we have no problem whatsoever with respect to all our people voting. This is as it should be. The fact that Kentucky is a border State located south of the Mason-Dixon Line—Kentuckians have a special reason to be extremely proud of the magnificent strides made within her borders toward the solution of the so-called civil-rights problem. What is most significant as I review Kentucky's outstanding record in this respect is the fact that our progress has been done voluntarily and spontaneously and not because some Federal law said that we had to do it. Throughout the years this difficult problem has been in the process of settling and adjusting itself in Kentucky. Our fine record has been accomplished through the medium of constant study, education, mutual respect, application of the golden rule—all interwoven with a practical, kind, sympathetic understanding, and above all a reasonable, sane, and honest approach. Since our procedure in Kentucky has been so successful, I would, therefore, recommend it to others who may possibly be interested.

Again, I would like to reiterate, in our eagerness to protect the fundamental, the basic and constitutional rights of a

single individual let us not inadvertently destroy the rights of many individuals and make them discontent, or disturbed that they may be losing some of their rights and privileges that have been guaranteed to them under the constitution. God forbid that the day will ever dawn that I shall wittingly or unwittingly as a member of the House of Representatives, ever vote or do anything for that matter to harm a single hair in a single person's head. I pray that God bless me and give me the knowledge, the strength and the courage to do the right thing at the right time, when legislation is before this Congress, that effects my great people and the entire population of these United States.

There is an old adage that you can lead a horse to water but that you can't make him drink. This rule applies to people as well. Folks will follow a leader but nobody can drive the American people—not even by legislation. The British were foolish enough to try that and they wound up with a revolution on their hands. Then, unfortunately, back in 1861 there were those who were impatient and tried to push things and tragedy, war, destruction, and grief followed in its wake.

I think that American has developed and expanded from her original 13 sprawling colonies of 3 million people to its present 160 million people and as the leader of all of the nations of the world today—mostly because we Americans just basically and fundamentally do the right thing by our fellowman, but, what's more important—we do it voluntarily.

DEFENSE SUPPORT A MAJOR ISSUE IN FOREIGN-AID PROGRAM

(Mr. FULTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FULTON. Mr. Speaker, because defense support has become such a major issue in the mutual security or foreign-aid program, I would like to quote from the testimony of that fine and intelligent patriotic American, our friend, Walter Robertson, of Virginia, Assistant Secretary of State, on our vital United States-Far Eastern problems.

Walter Robertson stated before our committee the dramatically necessary needs of this area, as follows:

Mr. ROBERTSON. Mr. Chairman and members of the committee, I say in all sincerity it is a privilege to discuss Far Eastern problems with this committee.

I have found from my own experience during the past 4 years that whatever the problem, here you can be certain that it will receive objective and bipartisan consideration.

This year the Congress is taking a new look at the mutual defense program to see if it, in fact, does serve the purpose for which it is created and designed. I feel it is essential that you do this. All of us can agree that the demands upon the Federal Treasury at this time are such that we cannot afford any nonessential expenditures abroad, nor at home, for that matter.

Now, are these programs essential, and do they serve our policy objectives in the Far East?

I think I can say without equivocation that they are essential, so long as it is our

policy to resist Communist aggression, to resist expansion of Communist influence and power.

If the free nations of Asia are to remain free, they urgently need our help.

The free nations of the Far East have more than 1½ million men under arms, and they are financially unable to carry this burden alone. These forces, together with our own forces based in the Pacific, are the principal deterrent against Communist overt aggression. They are essential to maintaining the peace in Asia.

In addition to the military hardware provided the armies, we also provide the governments with what is termed defense support. This takes various forms, such as the imposition of raw materials and finished products which are sold to generate local currency for essential military purposes, as well as for assistance to projects that directly support the defense effort.

Through the development loan fund we hope to help these countries develop their economies, improve the standard of living for their people, which, in turn, should make them less vulnerable to the lure of Communist propaganda.

I want to make clear that what is called defense support is intended merely to ease the burden on the economies of these countries, to enable them to support the tremendous military efforts which they are making. Defense support can only maintain the status quo of their economies. It does not contribute to the long-term development of their economies.

In examining this question, we might take a look at the other side of the coin. I believe it can be said also without equivocation that should American help be substantially withdrawn, there is a grave risk that all of the nations of the Far East might be lost to the free world. Certain it is that the international Communists are poised eager and ready to step in if we should step out.

Now, this year of 1957 is a particularly crucial one in my opinion for the free world. The Communists have not changed, but there are many pressures being exerted upon us to change, to ease up, to become more flexible, to liberalize our policies, vis-a-vis Red China.

There are some who say we should follow the lead of certain of our allies and remove trade barriers on so-called nonstrategic items, as if Peiping, with its meager foreign exchange resources, would by anything except the most strategic items that are available.

There are some who say if we could just settle the question of Taiwan, that Mao Tse-tung might lose his attraction for Moscow; that he might give up his ambitions in Korea, Japan, and southeast Asia and become a peaceful and friendly collaborator with the free world.

There are some who say that all we have to do to make the Communist different is to be different ourselves.

Lastly, there is what I call the old school tie group which maintains that in any event we must be realistic and acknowledge the existence and power of the Peiping regime by granting it recognition, and U. N. membership—as if 142,000 American casualties and some \$15 billion of our treasure were insufficient to make us take a realistic view of the existence and character of this regime.

Now, what is the situation in Asia?

Well, the Communists are standing pat and counting on the weariness of the free world to help them achieve their ends. They are standing pat in Korea with 700,000 troops and some 600 to 700 modern planes. They are standing pat on the mainland of China with an army of from 2.5 million to 3 million men and hundreds of modern airplanes; steadily building up their military capabilities; threatening to take Taiwan by force;

refusing to release our civilian prisoners or to give any satisfactory accounting for some 450 missing military personnel, some of whom, at least, were known to have been alone in their hands at one time.

They are standing pat in Vietnam, with a puppet army of from 350,000 to 400,000 men. They are standing pat in Laos with puppet forces which were ordered to be disbanded by the Geneva Conference of 1954 still occupying two key provinces and demanding coalition government.

They are continuing their efforts to overthrow every free government of Asia by infiltration and subversion. And, finally, they are continuing their propaganda of calumny against the United States, hoping to cause suspicion of our motives and divide us from our allies, because they well know that if for one reason or another American support of free Asia can be eliminated, that all of Asia is theirs.

Now, in apportioning our military and defense support funds in the Far East, first consideration is given, of course, to those areas where the Communists pose the greatest military threat. Thus, Korea, Taiwan, and Vietnam require the largest allotments of the Far Eastern funds available to us. Korea, of course, is our largest program. Its 700,000-man army, trained and equipped by us, is far beyond the economic resources of that little war-ravaged country of 22 million people to support.

However, as the Koreans were trained and equipped, and assumed the primary responsibility of patrolling the armistice line of 186 miles, and acting as a first line of defense, we were able to bring our boys home. We now have only two divisions in Korea.

Now, this is a costly program in one sense. It is a cutrate program in another sense. It costs approximately \$6,500 per year to maintain an American soldier in Korea. It costs \$600 per year to maintain a Korean soldier in Korea.

The size of the military forces in Taiwan and Vietnam exceeds the abilities of these countries to support them. Even with our help, they constitute a heavy drain upon their economies.

Korea spends the equivalent of 71 percent of all Government revenues, exclusive of United States aid, for military purposes.

The Republic of China spends [security deletion] percent of all its revenues, for military purposes.

The little Republic of Vietnam, which has faced every kind of obstacle imaginable since it came into being, spends approximately [security deletion] percent of all of its revenue for military purposes.

In all the countries of this area in which we have programs of one kind or another, national armies are being supported which contribute importantly to their own security, which is another way of saying contribute importantly to the defense of the free world, including our own country.

The cost of our programs in dollars is considerable. But, as pointed out, where American forces would otherwise be required, there are significant savings for us.

Of course, financial considerations are quite apart from the priceless consequences, that under this arrangement far fewer American boys have to be sent into foreign areas.

When we recall the recent wars and chaos in Korea and Indochina, I think we can survey with some satisfaction, though certainly with no complacency, that progress is being made to strengthen the capacity of free Asia to surmount the threats of Communist aggression and infiltration. Certainly the lines of the struggle against communism are clearly defined.

For 3 years now, the Communists have been deterred from outright military aggression.

While the Communists now place emphasis on the classical nonmilitary methods to

deceive the gullible, the free peoples of the Far East are coming to have a greater understanding of the Communist threat and their need for meeting it. The longer that this progress can be sustained, the more secure becomes their independence.

The premature withdrawal of adequate support would have, we fear, catastrophic results.

Certainly, we have our problems within the free world, but the Communists have their problems, too, as recent events in Poland, Hungary, and Red China have shown. And, because the Communists are attempting to enslave and reshape man's own free spirit, their problems are far greater than ours and, I believe, are insoluble.

I want to say one word, before I stop for questions, about the authorization made in the Senate for his mutual security program.

Military aid was cut from \$1,900 million to \$1,800 million, or \$100 million. That is equivalent to about a 5-percent cut.

On the other hand, defense support was cut \$100 million from \$900 million, to \$800 million, which is an 11-percent cut.

We are particularly concerned about this cut in defense support, because you can't equate the cuts in terms of dollars, it has to be in terms of percentages. Whereas 28.7 percent of the total world military program is allocated to the Far East, 74.2 percent of defense support is allocated to the Far East due to the large native armies being maintained there. Reducing military aid which means reducing the amount of military hardware supplied, does not correspondingly reduce the cost of the government concerned in supporting its army. The only way defense support can be safely reduced is by reducing the size of the army.

Now, within the Far East itself, approximately 75 percent of the total funds programmed goes to Korea, Vietnam, and Taiwan, where we are supporting the largest armies. Eighty-six percent of military support goes to Korea, Japan, and Taiwan. Eighty-four percent of defense support goes to Korea, Vietnam, and Taiwan. In other words, the defense-support program is absolutely essential in these countries maintaining the largest armies if you are to prevent their economies from collapsing under the financial strain.

From the standpoint of Korea alone, a 700,000-man army makes no economic sense. The reason it is 700,000 is because the Communists to the north of the 38th parallel have an army there of approximately that number, far better equipped with modern artillery and modern planes.

A similar situation exists in Taiwan. But going back to Korea I should like to emphasize what I said about relative cost. You must use something for troops in Korea. It seemed proper and equitable that the Koreans should assume the responsibilities of their own defense. They are doing it to the utmost of their manpower, and to the utmost of their economic power. But to repeat again, they are spending 71 percent of all their own revenues for defense purposes. Now, if we cut defense support and don't cut the size of the Army, well, it is anybody's guess what will happen. There is no way that an army of this size can be maintained unless they are helped in the support of it. We cannot support them militarily by just giving them military hardware. We must provide economic aid through defense support if they are to be able to carry on.

CIVIL RIGHTS COMPROMISE

(Mr. DINGELL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DINGELL. Mr. Speaker, the press today reported that the President is pre-

paring a civil rights compromise to ease the South's fear of strong-arm tactics.

It is my feeling that this is nothing more or less than a prelude to a sell-out of the large number of people who are interested in seeing adequate civil rights legislation enacted during this session of Congress.

Earlier the President said that this legislation was both moderate and wise. I agree with him in that, and I agree with him at the time he made that statement. The civil rights bill as passed by the House of Representatives is both moderate and wise and will hurt no one. It is simply a careful expression of the power vested in Congress to secure the rights of our people. Any diminution, weakening, or dilution of this bill is a betrayal of every one who fought to secure its passage.

The talk of a civil rights compromise is nothing more or less than phony. Those who seek the compromise offer nothing in return other than a vote against the bill and will so admit when questioned.

An additional danger which no one has yet broached is this—that any compromise or amendment by the Senate will throw this bill into conference, which will result in increased delay and the opportunity for further filibuster in the Senate of the United States. I hope Members of the Senate who think as I do on this subject of civil rights will reject every change in the House bill, which is wise, moderate, and just, and which should be enacted without delay.

Any talk of compromise will prolong the passage of this bill into law almost interminably by affording still another chance for a filibuster to those who oppose it.

THE SMALL BUSINESS CRISIS

(Mr. ZABLOCKI asked and was given permission to extend his remarks at this point in the Record.)

Mr. ZABLOCKI. Mr. Speaker, the other day President Eisenhower told Congress that he opposes tax-cut legislation this year and thereby withdraw his support from a move to provide relief for small business.

The President's withdrawal of endorsement of a bill that would have reduced the tax rate for small business concerns from 30 to 20 percent on incomes up to \$25,000 a year. The reduced tax rate was recommended by the Cabinet committee on small business.

It is my sincere belief that relief for small business is long overdue.

A grave change has been taking place in our country—a change which, unless reversed, is capable of altering the basic characteristics of our economy beyond the recognition of our generation.

In the period of increasing national income and prices, of fabulous profits made by some industrial giants, and of multi-billion-dollar Government expenditures supporting this prosperity, one segment of our economy is being quietly strangled.

Small business—the backbone of competition and of free enterprise—is slowly dying. Each year, it is accounting for a smaller portion of industrial

sales, and a smaller portion of industrial profits.

Small business is shrinking—and if this trend is allowed to continue, the fundamental character of our economy will be changed within a few years beyond our recognition.

It is high time we all pause to take stock of this situation and exert every effort to preserve freedom of opportunity and competition in business, and to restore small business to a healthy and vigorous position.

WHAT IS SMALL BUSINESS?

What is small business? We use the term often, but many persons fail to appreciate the extent and the importance of its meaning.

According to latest available statistics, there are approximately 4.2 million business firms in the United States. The greater majority of these firms are partnerships and proprietorships. Of this entire number, according to latest estimates, about 620,000 business firms use the corporate form. Roughly speaking, then, there are between 5 and 6 partnerships and proprietorships for every one corporation among our business firms.

How many of these 4.2 million firms are considered as small business? The answer depends on standards used to define small business. The Small Business Administration suggests that a small-business concern is one which is not dominant in its field, and employs fewer than 500 employees. According to this criterion, around 4 million out of the 4.2 million operating firms in the United States fall under the category of small business.

Another small-business definition is based on the total assets of a firm, with \$250,000 in assets being the usual dividing line between small and big business. On the basis of 1952 income tax returns published in the 1956 Statistical Abstract of the United States, about 4 out of every 5 corporations filing returns—or close to 500,000 corporations—are small-business corporations.

Still another criterion can be used to identify small business. This one is embodied in the Federal corporate income tax law which provides for a special rate on the first \$25,000 of corporation income. On the basis of this implied definition, the number of small corporations would be closer to 600,000, or about 85 percent of all corporations filing returns.

THE IMPORTANCE OF SMALL BUSINESS IN OUR ECONOMY

Whatever yardstick we may choose to use, we reach the conclusion that small business includes the vast majority of firms operating in our country. Small business plays an important role in almost every major industrial and business field. You can find small-business men in every stage of our economic life, from production to distribution, and in various service industries.

I would like to point to one more important factor:

Recent estimates show that firms employing fewer than 500 persons account for 55 percent of all business employment. Of this number, there are 3.9 million firms which employ fewer than

20 persons and account for over 23 percent of total business employment.

It should be very clear, therefore, that small business is vitally important to the employment situation in our country, and to the general prosperity and well-being of the people of the United States.

Let us see, now, what has been happening to small business during the last few years.

WHAT HAS BEEN HAPPENING TO SMALL BUSINESS

At the outset, I would like to note that the profit rate of small business is usually lower than that of big business. Small business operates on small margin and, as a consequence, is easily affected by adverse economic conditions. The mortality rate in this sector of our economy has always been relatively higher than among bigger concerns.

In recent years, however, the relative disadvantages of small business have multiplied. Let us, for instance, look at one segment of small business—the segment of manufacturing.

In 1947, firms with less than \$1 million in assets accounted for 18.9 percent of all manufacturers' sales, and 13.3 percent of total earnings. By 1955, their share of sales had shrunk to 13 percent, and their share of manufacturers' profits had dropped to 4.5 percent.

Looking at it from another viewpoint, we find that, in 1948, the rate of profit before taxes on stockholders' equity for small manufacturing corporations was 17.5 percent lower than the rate of profit for very large manufacturing corporations. By 1952, the rate of small business profits was 28.4 percent lower. By 1955, it was 45.1 percent lower.

Small business is not only losing ground; it is actually being elbowed out of existence. Over 90 percent of all business failures involve firms with liabilities under \$100,000—definitely small business firms. The annual average number of failures per ten thousand businesses has jumped 48 percent from the period 1947–52 to the period 1953–56.

In actual terms, the number of industrial and commercial failures increased from 7,611 in 1952, to 11,086 in 1954, and it has continued since at that high rate. Most of those firms going bankrupt are small-business firms.

THE SOURCE OF SMALL-BUSINESS WOES

What is at the bottom of this decline of small business?

Several interesting studies have been published during recent years dealing with this subject. These studies recognize that small-business problems are due to several causes. Of these, the major are, first, lack of rigorous enforcement of our antimonopoly laws; second, the effect of the administration's tight-money policy; third, bypassing small business in the awarding of Government contracts; fourth, relative difficulties which small-business men have to face in obtaining raw materials; and fifth, the inequities of our tax structure.

HARD MONEY AND HIGH TAXES

I shall not attempt to deal in detail with each one of these causes of small-business woes. Several of them need no elaboration. At this time, however, I want to comment on the disastrous ef-

fects upon small business of the administration's tight-money policy, and of our high taxes.

It seems to me that one of the most important causes of small business problems lies in the fact that small business does not have enough money for growth capital. These firms do not have high enough profits to leave them an adequate margin for operation and expansion. At the same time, because of the current prohibitive interest rates, they do not have ready access to credit at reasonable rates.

When you add these two factors together, it is clearly apparent that declining profits, coupled with unavailability of loan money at reasonable rates, make it extremely difficult for small business not only to expand and keep its competitive position in economy, but in some cases even to continue in existence.

The effects of the tight-money policy, whatever may be its merit, have discriminated bitterly against small business. In many areas where loan funds are limited, the large customers receive preference from lenders and the small-business man receives token lipservice. Then, too, with a lower profit margin, the small-business man can seldom afford to pay the high interest rates produced as the effect of the policy.

EVERYONE WORRIES ABOUT SMALL BUSINESS

The developments that I have just described worry many thoughtful people throughout our Nation. Members of Congress, Government officials, representatives of industry and of labor—people in all walks of life—lament the plight of small business. Unfortunately, in spite of the many sympathetic expressions, very little has been done to cure and remedy the situation.

Time is running out on us, and the crisis facing small business demands our most urgent attention. Cries for help are being heard daily. They cannot be ignored any longer if we hope to preserve the competitive structure of our economy, and opportunity in business life for future generations.

REMEDIES PROPOSED

To remedy this deplorable situation, prompt assistance must be provided to small business along the following lines:

In the first place, our tax laws must be changed to give small business an opportunity to retain adequate operating and growth capital.

Second, the Small Business Administration must be strengthened to provide effective Government procurement assistance and more extensive credit facilities to this vital segment of our economy.

Third, the loopholes in our antitrust laws must be plugged up, and the laws themselves must be backed with vigorous enforcement.

And, fourth, we must reduce Government redtape which has proved very onerous to small business.

These ends can only be achieved if both the Congress and the executive branch take the necessary steps to resolve the problems facing small business. Legislative action alone will not do the trick: It must be supported by vigorous

executive enforcement of the policies and programs laid down by Congress.

TAX REFORM LEGISLATION

Mr. Speaker, I have proposed these remedies before, and I am repeating these proposals again because time is running out on us and, unless we watch out, our inaction will prove our undoing.

On January 3, the opening day of this session, I introduced two bills which would accomplish these major objectives by revising our income tax structure as it affects small business, and by strengthening our antitrust restriction on price discrimination.

Under my tax bill, H. R. 1280, the net income of corporations earning less than \$100,000 would be subject to a 20 percent normal tax and a surtax of 30 percent on all income over the first \$25,000. Under the present law, the normal tax is 30 percent and the surtax is 22 percent on all income over \$25,000.

Under my formula, a corporation with a \$25,000 income would enjoy a tax reduction of approximately 33 percent. Instead of paying \$7,500 tax under the present law, it would pay only \$5,000. Corporations with larger incomes, up to \$100,000, would enjoy proportionately smaller relief under H. R. 1280.

RELIEF APPLIES TO PARTNERSHIPS AND PROPRIETORSHIPS

My bill would also afford tax relief to certain unincorporated businesses which elect to be taxed as corporations under section 1361 of the Internal Revenue Code.

That section provides that unincorporated business establishments which meet the requirements of the law may elect to have the portion of their profits which they reinvest in their enterprises taxed at the corporate rate.

Section 1361 has been of very little help to small business since the Internal Revenue Act of 1954 was enacted. This is because the option presently benefits only those proprietorships which are in a high-income bracket—that is, whose income is taxed at a rate higher than the normal corporate-tax rate of 30 percent.

By lowering the normal corporate-tax rate to 20 percent for small firms, my bill, H. R. 1280, would open the way for a more extensive use of the option authorized in section 1361 of the Internal Revenue Code.

This is one reform which is long overdue. I will continue to urge the Ways and Means Committee to take prompt action on this legislation, and I earnestly hope that these efforts will lead to the reduction of the tax burden for small business.

STRENGTHENING OUR ANTITRUST LAWS

Mr. Speaker, I also joined with a number of my colleagues in again sponsoring a bill to remove "good faith" as a defense of price discrimination in cases in which such price discrimination tends to create a monopoly, or to substantially lessen competition.

I had previously cosponsored this measure, known as the equality of opportunity bill, in the 84th Congress. At that time, the bill was overwhelmingly approved by the House of Representatives, but died in the Senate.

These two measures will provide prompt and effective aid to small business. By lowering the tax rates applicable to small firms, H. R. 1280 will enable independent business to accumulate growth capital and compete with larger concerns.

Simultaneously, the equality of opportunity bill, H. R. 1281, by strengthening our antitrust laws, will provide an added and much-needed safeguard for preserving competition.

SMALL BUSINESS ADMINISTRATION BILL

Earlier this session, the House of Representatives approved a bill to enlarge the resources of the Small Business Administration so that this agency may more effectively aid small business.

If this accomplishment can now be followed by the enactment of the two bills that I have just described, we will have gone a long way toward resolving the critical situation facing our small business. Early action is imperative. We must exert every effort to see these reforms put into effect by this Congress.

EXECUTIVE ACTION IMPORTANT

I again want to stress the fact that Executive action will be important if we are going to resolve the problems of small business.

Thus far, the policies pursued by the present administration have been of little help to small business. On the contrary, the tight-money policy, favoritism toward big business in tax policies and in the awarding of Government contracts, limited help doled out by the Small Business Administration, and lackadaisical enforcement of our antitrust laws, have all combined to multiply small-business woes.

Unless the entire attitude of this administration is reversed, and a forthright effort is made to restore small business to a healthy, competitive position in our economy, we may have to wait until the next presidential election before we can hope for a change for the better.

AT STAKE: THE FUTURE OF OPPORTUNITY AND COMPETITION

In 4 years, much can happen. We have seen the record of the past 4 years—a record of big business boom, and of shrinking profits and increasing bankruptcies among small business. Four more years of similar policies can deal a heavy blow to small business—a blow which can gravely injure this vital segment of our economy.

These somber prospects place an especially urgent responsibility upon Congress. As the Representatives of our people, we must enact legislative relief along the lines which I have outlined without further delay. There is no time to lose.

The future of competition, and of business opportunity for Mr. and Mrs. Average Citizen, is at stake. We cannot afford to hesitate. Let us enact a program of legislative reform to rescue small business from its plight, and let us see to it that the policies enacted by Congress be effectuated by the executive branch.

Only then can we go back to our people and report that we have done our job.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McBride, one of its clerks, announced that the Presiding Officer had appointed the Senator from Louisiana [Mr. ELLENDER] and the Senator from Vermont [Mr. FLANDERS] as additional conferees on the bill H. R. 7665, entitled "An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1958, and for other purposes."

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

COMMUNICATIONS FROM ASSISTANT SECRETARY OF DEFENSE AND THE COMPTROLLER GENERAL OF THE UNITED STATES

Mr. COFFIN asked and was given permission to include at this point in the RECORD the following letters:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., July 16, 1957.

Hon. THOMAS S. GORDON,
Chairman, Foreign Affairs Committee,
House of Representatives.

DEAR MR. GORDON: My attention has been called to a story on page A8 of today's Washington Post and Times Herald by Edwin A. Lahey of the Chicago Daily News Service. Mr. Lahey states in this story that, according to a report prepared by the General Accounting Office which has been classified as secret by the Department of Defense, "foreign politicians have enriched themselves personally in the offshore procurement program of the Defense Department."

The Department of Defense has never been furnished a report by the General Accounting Office which contains those charges. Having never received any such report from the General Accounting Office, it is obvious that the Department could not have classified it as secret.

If the General Accounting Office had any information supporting the charges alleged by Mr. Lahey, the Department would, of course, wish to receive such information in order to conduct a complete investigation. The Department does not have such information, and insofar as we are aware the report described by Mr. Lahey is nonexistent.

Sincerely yours,

MANSFIELD D. SPRAGUE,
Assistant Secretary of Defense (ISA).

COMPTROLLER GENERAL OF THE
UNITED STATES,

Washington, D. C., July 17, 1957.

Hon. THOMAS S. GORDON,
Chairman, Committee on Foreign Affairs,
House of Representatives.

DEAR MR. CHAIRMAN: In response to your request of July 16, 1957, we wish to advise that we already have forwarded to your committee a classified report covering profits on offshore procurement in Europe.

We are forwarding today by separate transmittal additional classified reports on the following:

1. Procurement of 90-millimeter antiaircraft ammunition from the Ministry of Supply, United Kingdom (B-125043).

2. Procurement of 155-millimeter ammunition as a completed round by Ordnance Procurement Center, Sandhofen, Germany (B-125048 and B-125316).

We have several other reports on offshore procurement in process. These reports will be forwarded to you as soon as they are completed and authority to release any classified data included therein is secured from the Department of Defense.

Our reviews of the offshore procurement program in Europe, and the reports which we have prepared as a result of these reviews, have not disclosed any valid evidence of personal enrichment of foreign politicians, profiteering by foreign government-owned corporations, payment of "kickbacks" or the use of dummy corporations.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

LET'S TAKE ANOTHER LOOK AT FOREIGN AID

(Mr. WEAVER (at the request of Mr. SMITH of Wisconsin) was given permission to extend his remarks at this point in the RECORD.)

Mr. WEAVER. Mr. Speaker, my attitude on foreign aid may best be understood if I ask that we examine it in the context of 1957.

My attitude on foreign aid may best be understood if I ask that we examine it in light of the fact that World War II ended 12 years ago.

My attitude is predicated on the impact of the overwhelming statistic that foreign aid has cost the United States taxpayers some \$60 billion.

Mr. Speaker, foreign aid has put the United States before all the world on the level of the most spectacular, year-round monster rummage sale and free-lunch counter, since Robin Hood conceived the immortal idea of stealing from the rich and giving to the poor.

I ask this question: Does anyone anywhere in the United States or the countries and capitals of the world, in the inner policymaking offices of foreign-aid bureaucrats, even in the hearts and minds of the stoutest devotees of foreign aid, believe for half a minute that this \$60 billion was well, efficiently, and successfully administered?

Will someone say that of the \$60 billion, at least half, or \$30 billion was well administered?

And if we concede that of this \$60 billion only half was a total waste and that 50 percent of it was soundly handled, is there anyone who can show me that for the \$30 billion we got \$30 billion worth of return?

What I mean by well administered, Mr. Speaker, is that the country that received the money received the benefit. And, furthermore, that even though the country that got the money got the benefit, we, the United States, still came up on the short end of the stick. It was an unusual kind of luck that helped us generally end up with nothing at all, and the net results approached zero.

With the money gone we have not consistently garnered the good will of the country toward whom we played the role of benefactor. And, in some cases, we have been accused of entertaining malevolent and deceitful ends toward

the country in whose treasury we have poured the wealth and substance of the United States, not only of the present, but of future generations.

Mr. Speaker, it would be difficult to prove that the percentage of economic aid rendered to other countries and which was actually spent in the United States was not in itself an act of American self-seeking economics. The countries to whom we gave the money criticized us for not at the same time giving ourselves a hard kick in our economic pants. They expected us on a point of honor to reap the minimum of economic advantage or the greatest economic injury. It is barely possible that had we adhered to that philosophy, our philanthropy might have been approved.

But since under the vigilant eye of this Congress, the money in broad scope had to be spent in some sensible way, the United States found itself in the strange position of the man who is trying to help and then suddenly is subjected to abuse.

Have we forgotten how our Ambassador Richards, an able and illustrious statesman, his pockets stuffed with a vast fortune in American gold, could not give this substance away and was recalled home ahead of time? His mission could hardly be called a success, and yet, we could not possibly have sent on this assignment a more intelligent, a more knowledgeable, a wiser or a more experienced and dedicated American.

Ambassador Richards went to the Middle East to shape up, as he said, the Eisenhower doctrine.

The job was simply to shovel out American cash by the bushel.

Here was foreign aid like a dramatic sketch on the stage:

The rich man comes with money. The desperately needy family has only to invite the rich man in, to have poured into its hands the wealth of millions.

The rich man is standing outside the door ready to enter. He has traveled a long way from the other side of town. He is literally knocking at the door, begging to be admitted so that he could rid himself of his gold.

It is as simple and as absolute as that.

Ambassador Richards himself has said that to the question of the prospective recipient: "What do you want for this money?" His answer was: "We do not want anything. We do not want alliances. We do not want to have anything to say about your sovereignty and independence. We want you to see the danger of communism as we see it. It is the greatest danger the world has ever seen."

Mr. Speaker and Members, I ask this House, could the case possibly be stated more clearly, more definitely, or with more authority than Ambassador Richards stated it as the top-flight plenipotentiary representing the United States?

What was the answer? From the standpoint of a superior job as an Ambassador, the mission was a great personal success. I will continue to favor that distinguished Americans like Ambassador Richards visit these countries as emissaries of goodwill to convince them of the genuineness and the high

purpose of our international intentions. It is reported that in 13 of some 15 countries that the Ambassador visited, he made great headway with the Eisenhower Doctrine, which I supported, but reluctantly, because of the foreign-aid strings that were attached.

But, Mr. Speaker, as I look at the picture, and as you must look at the picture, and as the Ambassador himself must look at the picture, the foreign-aid phase of the mission could hardly be called a triumph.

About this strategic country in the Middle East and about that Ambassador Richards was obliged to report: "We did not have adequate invitation to go into them."

The rich man was kept cooling his heels outside the door and finally had to leave ignored, unwanted, rejected.

Here was the United States of America, superbly represented, with foreign aid in its most exciting form: \$200 million ready to be given away at a nod, a word, a handshake.

The answer in some cases was a smiling negative. In other cases, notably Syria and Egypt, it was the cold shoulder and the turned back, and in diplomatic terms, as I see it, the supreme insult.

The total effect of this effort was lean and pathetic.

There you have the spectacle of the reaction to foreign aid in the year 1957 among countries desperately needing help of any kind, and especially our kind of help; countries, too, at the very heart of the strategic frictions of the hour.

And, I have no doubt but that when you are spreading \$60 billions, some of it can be validly proclaimed to have produced at least a fraction of the results intended.

But to give this fraction the color of success for the overall expenditure in anything like the proportion of the cost is, to put it compassionately, wildly misleading.

Nor am I blind to the accomplishments of foreign aid in Italy, in France, in Turkey, and in Greece.

It may be that in the chaos following the immediate aftermath of war—certainly an extreme situation—an extreme measure like the Marshall plan may have fitted the dilemma of the hour.

The United States then spent \$12 billion on the consolidation and recovery of Europe.

But between 1947 and 1957 we have a whole decade of recovery.

For that matter, history has yet to prove one of the perhaps profoundest insights into the question of the beneficial effects of the Marshall plan. This is the growing evidence that communism, for all its superficial success—one-fourth of the world's surface, one-third of the earth's population—created a sawdust empire. Here the sawdust pours out of the hole called East Berlin. Then the break come in Poland, then Hungary. The Soviet hierarchy itself is in a perpetual state of self-murder and self-immolation. One day its agricultural economy takes a complete somersault. Another day Stalin, the adored, the sacred one, the Communist Apollo, is presented by his collaborator

and his successor as a military illiterate, a physical coward and a mass murderer. The next day he is partly restored to sainthood by the very man who, the day before, traduced him. Almost within the hour whole arms and legs of the Soviet hierarchy, as the world has known it for decades, is suddenly and ruthlessly and with the usual accompanying vituperations, amputated in a cloud of recriminations and universal slander. This deep-seated insight suggests whether the foreign aid we have been giving did not actually slow the demise and the total discrediting of the Communist ideology the world over. It is being asked—and only the wisest can give the answer—it is being asked whether communism by this time would not have perished in its own poisons had it been allowed to take on all the rope it wished. I do not subscribe to this theoretical speculation. That would be a guessing game at its worst. But it is certainly reasonably to assume that communism, held together by an army or a secret police, or both, and internally diseased by terror and mutual intrigue and conflicting despotism, would by now have either destroyed or definitely diminished itself, had it expanded itself even further beyond its capacity to govern and to hold. Who can say that we did not unknowingly by containment permit consolidations that saved it from death—even against its own efforts? Again, I cannot subscribe to this theory, but it most certainly provokes speculation.

As for those we have helped, the outstanding example of gratitude is, of course, Formosa—the gratitude of riot, hoodlumism, destruction and an astonishing and incredible hate. Are these the fruits of foreign aid? If they could speak without inhibitions and they were to be truly frank with us, what would be the real comments of the leaders of Italy and France and Greece and Turkey, the leaders of the nations in Asia, in Africa, in the Middle East, anywhere, toward the fabulous fortunes in one form or another we have poured into their treasuries?

Let us return to my principal point, Mr. Speaker—1957 is not 1947. My principal point is that we have had an enormous range of experience in the foreign aid field. My principal point is that the time has come to make a thorough and icy reevaluation of the foreign aid facts. My argument is that foreign aid is deliberately creating its own perpetuation, instead of its own termination. The nations who get our money see no reason for becoming self-sustaining or achieving economic strength because economic strength like ours is achieved by one's own efforts and initiative, and not by a vast financial mountain of international philanthropy. So long as these countries can obtain some form of generous loan, such as private banking would never extend in a million years, and so long as they can get it for nothing, the idea of achieving progress by work becomes an impossible and ridiculous task.

Mr. Speaker, my mind is not closed to those phases of this program which

will give us military bases and military cooperation in other areas of the world, and my mind is far from closed to the continuing and growing peril of the Communist threat; however, foreign aid as we now know it must undergo some drastic and revolutionary reforms, to say the least, and a wholesome and purifying shrinkage before I shall ever be persuaded to authorize another dollar.

FHA INTEREST RATES AND DOWNPAYMENTS

(Mr. ASHLEY (at the request of Mr. McCormack) was given permission to extend his remarks at this point in the Record.)

Mr. ASHLEY. Mr. Speaker, yesterday I called attention to a report that the administration had reached a decision ruling out lower FHA downpayment requirements. I pointed out that the supply of building materials and construction labor is sufficient to meet a much larger portion of the demand for new housing than is presently being provided—and I expressed the view that the only conclusion which we could logically arrive at is that the administration has decided to limit the amount of credit available for the purchase of new homes in favor of the demand for credit from other segments of our economy.

I now learn, Mr. Speaker, that the administration is seriously considering a boost in the interest rate ceiling on Government backed mortgages. If true, the combination of the refusal to lower downpayments and higher FHA interest rates will deal a staggering blow to the American home building industry. Furthermore, Mr. Speaker, it will mean an increase in the shortage of decent, safe, and sanitary homes for our increasing population—a shortage which even now is little short of a national disgrace.

According to the reliable reports, the administration is prepared to reappraise its decision not to lower downpayment requirements if home building continues to slump. Well, Mr. Speaker, the fact of the matter is that the administration frankly admits that home building, for several years in a state of serious decline, is continuing to sag. The Department of Labor reports that housing starts in June declined to a seasonally adjusted annual rate of 970,000 units—compared with rates of the 930,000 units in May and 1,091,000 units a year earlier. At the same time, the VA reports that appraisal requests on proposed new homes dropped last month 17.2 percent from May to the lowest level for any month since September 1951.

Clearly, Mr. Speaker, the administration must adopt policies now to meet a serious situation which presently exists in a critically important segment of our economy and which becomes more serious as each month passes. I submit that the administration officials have a responsibility to state clearly what they propose to do with the tools which Congress has provided to meet this situation. At the present time, neither the prospective home buyer nor the floundering home builder knows what to expect nor how to plan intelligently for the future.

I therefore urge Federal Housing Administrator Cole to clarify the confused home-building picture, to tell us what decisions have already been made and what can be expected in the days ahead.

VETERANS' HOSPITAL AT WALTHAM, MASS.

(Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 1 minute.)

Mrs. ROGERS of Massachusetts. Mr. Speaker, I rise to ask a question of the majority leader. I wonder if the gentleman will tell me what has been done by the conferees on national defense?

Mr. McCORMACK. Is the gentleman asking me a question?

Mrs. ROGERS of Massachusetts. I am asking the gentleman if he knows.

Mr. McCORMACK. No. They have not concluded their conference and I cannot give any information at this time.

Mrs. ROGERS of Massachusetts. I am wondering when that conference will be finished.

Mr. McCORMACK. I am sorry, I cannot advise the gentlewoman from Massachusetts. Perhaps some member of the conference committee may be on the floor to answer the gentlewoman's question. I am unable to give her the information at this time.

Mrs. ROGERS of Massachusetts. The gentleman and I are very much interested in the item for the Murphy Hospital at Waltham, as are thousands of New England people—those who were getting in touch with their Senators and Members of Congress. It has been a very distressing situation. A Boston paper carried an editorial the other day of criticism because the people were writing, telegraphing, telephoning, and sending petitions to their Senators asking that the hospital be kept open. When the public cannot write and tell their public officials their views on public matters, and when you lose the right of petition it will be a sorry day for America. Then it will not longer be a free country. I know of the gentleman's great interest in keeping that hospital open and the great necessity for it and the tremendously active fight that Congressmen—not only the gentleman in the district in which the hospital is located—have made for the continuation of that hospital. Our minority leader, Speaker MARTIN, and all Massachusetts Members are greatly interested also. I have never seen the public in general so aroused over anything. There has been a most spontaneous, vigorous, and great effort to bring about success. It has been an unselfish fight for the sick service men and women.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield further?

Mrs. ROGERS of Massachusetts. I yield.

Mr. McCORMACK. Of course, as the gentlewoman from Massachusetts knows and all of our colleagues know, the money is carried in the bill to keep it open. So, the Department of Defense can keep it open during this fiscal year if they desire to do so.

Mrs. ROGERS of Massachusetts. Of course, I feel very sure they will, otherwise a bill will be introduced to see that it is kept open. They have 100 outpatients a day at the present time at Murphy besides their hospitalized veterans.

DAY SET FOR CALL OF THE PRIVATE CALENDAR

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar may be in order on July 30.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. MCGREGOR (at the request of Mr. ALLEN of Illinois), for 30 minutes, on tomorrow.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. BENTLEY in two instances, in each to include extraneous matter.

Mr. LONG and include extraneous matter notwithstanding it exceeds the limit and is estimated by the Public Printer to cost \$269.50.

Mrs. GRIFFITHS.

Mr. MOSS in three instances, in each to include extraneous matter.

Mr. BOLAND and include extraneous matter.

Mr. GROSS and include a newspaper editorial entitled "A Modern Republican Is One Who Bows to Pressure on Spending."

Mr. MAY and include an editorial.

Mr. SMITH of Wisconsin to revise and extend the remarks he expects to make in the Committee of the Whole today and include related material.

Mr. RIVERS and include a statement by General Clark.

Mr. ZABLOCKI in two instances, in each to include related matter.

Mr. MULTER in 2 instances, in each to include extraneous matter, notwithstanding the fact that in 1 instance the inserted article exceeds the limit and is estimated by the Public Printer to cost \$211.75.

Mr. SMITH of Virginia and to include a letter written to the President signed by

a number of Members of the House of Representatives.

Mr. EDMONDSON immediately prior to the motion that the Committee rise.

Mr. SCHERER in three instances and to include extraneous matter.

Mr. SMITH of California in two instances and to include extraneous matter.

Mr. NEAL.

Mr. JUDD in two instances and to include extraneous matter.

Mr. WESTLAND and to include an editorial.

Mr. BRAY in two instances and to include extraneous matter.

Mr. DORN of New York in two instances and to include extraneous matter.

Mr. ROONEY and to include extraneous matter.

Mr. CANNON and to include extraneous matter.

Mr. TUCK (at the request of Mr. McCORMACK) and to include extraneous matter.

Mr. BREEDING (at the request of Mr. McCORMACK) and to include extraneous matter.

Mr. HEMPHILL (at the request of Mr. McCORMACK) in three instances and to include extraneous matter.

Mr. ROOSEVELT (at the request of Mr. McCORMACK) in two instances and to include extraneous matter.

Mr. BYRNE of Illinois (at the request of Mr. MARTIN) and to include extraneous matter.

Mr. JENSEN and to include an editorial appearing in the Council Bluffs Nonpareil.

ENROLLED JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 324. Joint resolution to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 18. An act for the relief of Alessandron Renda;

S. 80. An act for the relief of Maria Adelaide Alessandroni;

S. 164. An act for the relief of John G. Michael;

S. 249. An act for the relief of Theodora Hegeman;

S. 250. An act for the relief of Kyu Yawp Lee and his wife, Hyung Sook Lee;

S. 251. An act for the relief of Edith Elisabeth Wagner;

S. 255. An act for the relief of Fumiko Shikanuki;

S. 256. An act for the relief of Aristeia Vito-gianes;

S. 284. An act for the relief of Miyako Ueda Osgood;

S. 303. An act for the relief of Gaetano Mattioli Cicchini;

S. 307. An act for the relief of Noemi Maria Vida Williams and Maria Loretta Vida;

S. 308. An act for the relief of Maria Caccamo;

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 22, 1957
For actions of July 19, 1957
85th-1st, No. 128

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HIGHLIGHTS: House passed mutual security authorization bill. Rep. McGovern criticized feed grain proposals.

SENATE

1. PERSONNEL. The Post Office and Civil Service Committee reported the following bills: Without amendment, S. 1411, to require hearings before suspending employees on security charges (S. Rept. 686);
Without amendment, S. 1901, to authorize overtime pay for irregular work hours (S. Rept. 687); and
With amendment, S. 2127, to reduce the insurance available to employees over 65 (S. Rept. 688). p. 10954
2. DISASTER RELIEF. Sen. Humphrey inserted resolutions of a farmers' meeting on the disaster relief needed in northwestern Minn. p. 10954
3. LIVESTOCK. Sen. Carlson inserted a letter from the Kans. Livestock Ass'n opposing the humane slaughter bill and urging progress through cooperation. p. 10954
4. EDUCATION EXCHANGE. Sen. Neuberger commended the international exchange of high school students and inserted a statement on the work of the American Field Service. pp. 10974-5

5. PUBLIC DEBT. Sens. Humphrey, Johnston, and Yarborough discussed the state of the public debt and interest rates. pp. 10976-7
6. WEATHER. Both Houses received from the President a report from the Advisory Committee on Weather Control for Aug-Nov., 1955. pp. 10953, 11088
7. LOANS. Received from the Mass. General Court a resolution urging Congress to enact a revolving loan fund to permit states to borrow at low interest rates. pp. 10953-4
8. RECESSED until Mon., July 22. p. 10998

HOUSE

9. FOREIGN AID. Passed, 254 to 154, with amendments S. 2130, the mutual security authorization bill. pp. 11000-62, 11064-6
Agreed to the following amendments:
By Rep. Selden to restrict the borrowing authority for the Development Loan Fund to one year (1958) instead of for the next three years. pp. 11022-31
By Rep. Hardy, 123 to 105, to restrict the use of funds authorized for discretionary use by the President. pp. 11048-55
Rejected the following amendments:
By Rep. Bentley, 66 to 98, to prohibit any assistance under the bill to Yugoslavia. pp. 11004-11
By Rep. O'Hara, 27 to 62, to add the Secretaries of Agriculture and Labor to the National Advisory Council on International Monetary and Financial Problems. pp. 11020-1
A committee amendment to increase the special assistance fund of the President from \$250 million to \$275 was rejected. p. 11047
10. FARM PROGRAM. Rep. McGovern criticized the recent feed grains proposals of the Department and stated that they would "remove what little remains in the form of a corn program." p. 11063
11. RECLAMATION. The Rules Committee reported a resolution for consideration of H. R. 2147, to provide for the construction of the San Angelo reclamation project, Tex., pp. 10999, 11088
12. FORESTRY. A subcommittee of the Agriculture Committee ordered reported H.R. 580, to authorize the exchange of certain land between the Department (Forest Service) and Missouri. p. D674
13. BUDGETING. Rep. Hoffman called for a reduction in Federal expenditures, and inserted a newspaper article, "Where Did Big Economy Drive Go?" pp. 11024-5
14. CONSTRUCTION. Rep. Jones defended, and Rep. McGregor criticized, proposed legislation to abolish the Government lease-purchase program for the construction of Federal buildings. pp. 11063-4, 11080-4
15. RURAL MAIL. Rep. Staggers criticized recent changes in rural mail service, and stated he was receiving many protests from his constituents on the matter. p. 11066
16. AREA REDEVELOPMENT. Rep. Lane spoke in favor of the enactment of legislation to assist areas in economic distress. pp. 11084-6

House of Representatives

FRIDAY, JULY 19, 1957

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, as we again engage in prayer, inspire us with a love that looks up unto Thee in simple and sincere faith and goes out to needy humanity in sympathy and service.

Grant that daily we may cultivate a greater reverence for Thy holy will and the immutable laws which Thou hast ordained for our temporal and eternal welfare.

We pray that, in character and conduct, we may also manifest a hallowed respect for the sanctity of human personality and the rights of the individual for we have all been created in Thine own image and with a capacity to be like Thee in spirit.

May we have within our hearts the testimony and the joy of knowing that we are living a helpful life and dedicating ourselves to the glorious task of serving our beloved country and all mankind.

In Christ's name we invoke Thy blessing. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McBride, one of its clerks, announced that the Senate had passed the following resolution:

SENATE RESOLUTION 167

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JAMES B. BOWLER, late a Representative from the State of Illinois.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect to the memory of the deceased, the Senate do now take a recess until 12 o'clock noon tomorrow.

(Mr. BROWNSON asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. BROWNSON'S remarks will appear hereafter in the Appendix.]

THE CORDINER REPORT

(Mr. UDALL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. UDALL. Mr. Speaker, I have received from the Committee on Armed Services a copy of a report on the bill introduced by the gentleman from Pennsylvania [Mr. VAN ZANDT] and a similar bill of my own, H. R. 7642, which would implement the military pay reform recommended by the Cordiner Committee.

This report, I regret to say, is a great disappointment. It represents a flagrant case of backtracking and double talk. Only last Sunday on a national television program Mr. Cordiner reemphasized his belief that the long-term answer to the problem of better defense at lower cost cannot be accomplished through piecemeal adoption of the recommendations of his Committee.

It seems to me that Secretary Wilson's assertion in the report that he is already initiating a limited plan which would carry out some of the Committee's proposals is a weak answer to the Cordiner recommendation that our military pay system needs a complete overhaul.

My guess is that the real deterrent to Eisenhower administration support of the wise recommendations of an administration-appointed Committee is the fact that it would cost possibly as much as an additional \$300 million the first year. Is the Eisenhower administration so shortsighted that it is unwilling to increase military pay expenditures slightly now in order to produce ultimate savings annually of several billion dollars? Only a casual study of the Cordiner report would show the flimsiness of the Defense Department's argument that its adoption would stimulate demands for general pay raises throughout the Government.

Mr. Wilson's letter is pathetic response to the outstanding report of the Cordiner Committee.

PARLIAMENTARY INQUIRY

Mr. FULTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FULTON. Mr. Speaker, when the Committee rose on Wednesday I had demanded tellers on the vote on the committee amendment as amended by the amendment of the gentleman from Michigan [Mr. BENTLEY]. There has been some question as to whether that demand for tellers holds over, or whether I shall have to make it again at this point in order to obtain tellers.

The SPEAKER. The Chair can answer that inquiry, but believes the inquiry should be made in Committee of the Whole.

SAN ANGELO FEDERAL RECLAMATION PROJECT, TEXAS

Mr. TRIMBLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 359, Rept. No. 829), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2147) to provide for the construction by the Secretary of the Interior of the San Angelo Federal reclamation project, Texas, and for other purposes. After general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

FEDERAL ASSISTANCE IN SCHOOL CONSTRUCTION

Mr. TRIMBLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 358, Rept. No. 828), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1) to authorize Federal assistance to the States and local communities in financing an expanded program of school construction so as to eliminate the national shortage of classrooms, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Education and Labor now in the bill and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MCGORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 147]

Anderson,	Flno	Powell
Mont.	Gray	Preston
Beamer	Gregory	Scherer
Boggs	Griffiths	Teller
Bow	Herlong	Thompson, N. J.
Boykin	Holifield	Thornberry
Celler	Holtzman	Vursell
Dawson, Ill.	Mailliard	

The SPEAKER. On this rollcall 408 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1957

Mr. GORDON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2130, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Wednesday, July 17, there was pending the first committee amendment in section 4 as amended by the Bentley amendment. A teller vote was ordered on the committee amendment as amended. Without objection, the Clerk will again report the first committee amendment in section 4 as amended.

There was no objection.

The Clerk read as follows:

On page 4, line 16, strike out "\$700,000,000" and insert in lieu thereof "\$500,000,000."

Tellers were ordered, and the Chairman appointed as tellers Mr. CARNAHAN and Mr. BENTLEY.

The Committee again divided, and the tellers reported that there were—ayes 154, noes 172.

So the committee amendment, as amended, was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 17, strike out all of line 17 down to and including line 20 on page 4.

Mr. HAYS of Ohio. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HAYS of Ohio. Mr. Chairman, I have an amendment to the bill as amended to strike out the "\$800 million" and substitute "\$600 million." Is that in order?

The CHAIRMAN. That can be considered after this committee amendment is disposed of.

The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAYS of Ohio: On page 4, line 15, after "not to exceed" strike out "\$800 million" and insert "\$600 million."

Mr. FULTON. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Mr. Chairman, I make the point of order against the amendment that this amount has already been determined by the previous teller vote, and that this is a repetition of the same figure. The question there was: What should the figure on line 15 and 16 be, \$800 million, \$700 million, or \$500 million? Once it has been set by the House at \$800 million, I feel that forecloses further amendment.

The CHAIRMAN (Mr. COOPER). Under the action of the Committee of the Whole, the amount in the bill has not been disturbed. It is now subject to amendment. The point of order is overruled.

Mr. HAYS of Ohio. Mr. Chairman, what actually happened here was that the committee recommended a figure of \$700 million. Then the gentleman from Michigan [Mr. BENTLEY] attempted to cut it to \$500 million, which amendment was agreed to. Then the Committee of the Whole was faced with the problem of deciding between the figure of \$500 million and not the \$700 million which the committee had recommended but the original figure of \$800 million. So the vote was taken as between \$500 million and \$800 million.

My amendment, which was defeated in the committee by one vote, sets this figure at \$600 million. Assuming that that amendment would carry, I feel certain that if the matter went to conference, with the Senate figure at \$800 million and the House at \$600 million, we would come out with the \$700 million figure which the committee recommended.

The gentleman from Pennsylvania [Mr. FULTON], in defending the original bill, made a statement on Wednesday and quoted the testimony of someone, I think Mr. Moyer, and said that 46 percent of this money would go to support local currencies. I want you to think a bit about what this does.

I want to say this. I know enough about banking to know that the people who are really getting the benefit are the local bankers. It is a question of how many hundreds of millions we want to use, because 46 percent of whatever they get will be used to support the local currencies.

Now I yield to the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. I would like the gentleman to emphasize the point that the

House is now faced with the figure as reported by the Senate; not that reported by the Committee on Foreign Affairs. If this figure is not changed, when the conferees meet there will be no question but that the \$800 million figure will be accepted.

Mr. HAYS of Ohio. That is exactly right and I thank the gentleman. The House is in the position of raising \$100 million of this amount. If my amendment is adopted, the House will at least not be in the position of having raised the bill by \$100 million.

Now I yield to the gentleman from Pennsylvania.

Mr. FULTON. As you have quoted me, it is partially correct. Actually, my statement had been that of the \$668 million programed by the administration for the Far East, of the \$900 million defense support total fund, 44 to 46 percent of that \$668 million does go to help some currencies, chiefly on the military budget. But we must remember that of the \$900 million there is in addition \$170 million going to the Near East and south Asia.

Mr. HAYS of Ohio. I do not yield further. The gentleman is correct. It was on the Far East, and I accept his correction. But the fact still remains that of \$660 million you are getting 44 to 46 percent in support of local currencies. The local bankers out there are getting rich out of the support of these currencies, because through manipulations they are the ones who will ultimately make the profit. Since we did not support the French franc, I say we are putting money into a bottomless pit when we try to support these local currencies in the Far East. What we should do is what we did in Germany, insist on a currency reform and start all over. When we did that the result is that the German mark is one of the hardest currencies in the world.

Mr. GROSS. Will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. GROSS. The gentleman does not accept the statement made by the gentleman from Pennsylvania that the money will go to support military budgets?

Mr. HAYS of Ohio. I accepted the part of his statement that had to do with supporting local currencies.

Mr. GROSS. Why, certainly.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. Hays] has expired.

Mr. JUDD. Mr. Chairman, I offer an amendment to the Hays amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD as a substitute for the amendment offered by Mr. HAYS of Ohio: On page 4, line 15, strike out the figure "\$600,000,000" and insert the figure "\$690,000,000."

Mr. JUDD. Mr. Chairman, this is an attempt to get back to essentially the amount that the majority of the committee recommended. I may say at the outset, that I voted in committee against the amendment which was offered by the gentleman from Ohio to reduce the Senate figure for defense support from \$800 million to \$700 million. I felt it

was too deep a cut, and I still feel so. But I always try to go along in the House with the bill which the committee reports out.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield? I would like the RECORD to show that the \$700 million was my amendment but I first offered \$600 million which was defeated by 1 vote, and then offered the \$700 million figure, which was accepted.

Mr. JUDD. As I said yesterday, I feel this is the place where we can do most damage to our country if we cut substantially below the amounts asked for by the administration. Since the Senate had cut defense support to \$800 million and the House Committee cut it further to \$700 million, I think we ought to stick with that figure and not go below it. We cannot put it back to precisely \$700 million; we have already defeated that figure. So I suggest \$690 million which is approximately the same amount.

Let us look for a moment at where this aid will go. Seventy-five percent of all defense support goes to the Far East. And 84 percent of that amount goes to three countries there—Korea, Vietnam, and free China. You will recall that 4 years ago, 1953, when the Communist Vietminh in Vietnam threatened to capture all of Vietnam and then south Asia, we appropriated \$700 million in one lump to try to keep that area free. It succeeded. We had to follow it with large amounts and by almost a miracle, Vietnam is free today. But its economy is precarious, inflation is just beginning to be brought under control. To cut drastically this appropriation would throw the country into a tailspin—and very possibly lose the whole region.

We have spent \$15 billion to win a war in Korea and several billion more to build up 21 first-class divisions in Korea. We have built up 20 divisions on Taiwan, a certain number of divisions—you can get the number in the books on the table—in Vietnam. We are helping support the economies of Pakistan, Greece, Turkey, Spain—just to mention those with the largest military establishments, all larger than any of them can maintain without this economic assistance. It also makes possible our base in Libya and our airbases in Morocco.

We have spent many billions of dollars putting modern weapons into the hands of a million and a half soldiers in the Far East, and a total of 2,500,000 soldiers in the vital front row bastions around the vast rim of the Soviet bloc beginning, let me repeat, with Korea, and running through Taiwan, Vietnam, Thailand, Pakistan, Iran, Turkey, Greece, to Spain and Morocco and Libya. That is where this support goes, to keep the forces of those vital countries in the field vital to the safety of the United States.

Does it make sense to have spent billions of dollars, arming, equipping, and training them and then cut down this item which alone enables the economies of those economically poor countries to maintain such large military establishments?

If we cut this too deeply what will that do to those forces? It will im-

mobilize them, or demoralize them, or demobilize them.

Korea cannot support 21 divisions, the fourth largest army in the world, 700,000 men; she cannot possibly do it. You all know her economy was utterly destroyed in 1950 and 1951. We have ourselves built up this military establishment in Korea. While the situation has greatly improved, Korea has a long way to go before it can support with its own resources an army of even 300,000. Do you want to send American boys back? We had 8 divisions there; now we have 2. Why? Only because they have the 21 divisions.

Fail to appropriate adequate funds to assist Korea's economy so that she can keep those divisions in the field, and you will have to send American boys back to Korea. If you like that, all right. I do not.

What do these areas mean to the defense of the western Pacific—which means our own defense? Lose Korea and what happens to Japan? Lose Taiwan and what happens to the Philippines? Lose Vietnam, and what happens to Cambodia, Laos, Thailand, Indonesia—and the oil, rubber, tin, and rice surpluses that the world so desperately needs?

In this fund is defense support for Spain. Almost every year in the past there have been special amendments to give additional amounts to Spain. Do we want to cut down even what there is?

In this is the aid for Morocco; in this is the aid for Libya. Why are they so important? Look at the map and it is easy to see why. It is not their economy or their resources; it is their geography that makes them so vital to the security of the United States. If you look at their location with respect to the Soviet Union, you will know that what keeps the Soviet Union air force from coming over the North Pole and attacking the United States is because it knows it can be destroyed by planes that would take off from these bases and others whose support and maintenance are made possible by aid provided in this section to keep these countries going.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. ZABLOCKI. Is it not true that defense support is the program in which United States agricultural surpluses are used primarily under the Mutual Security Act. A cut in this authorization would probably curtail the use of these agricultural surpluses.

Mr. JUDD. That is correct. Let me call to the attention of the committee these figures: in 1956 \$73 million of defense support funds was used to buy food, feed, and fertilizer, 85 percent in the United States; \$66 million was used to purchase coal and petroleum, 82 percent in the United States; \$113 million in just that 1 fiscal year was used for cotton, 100 percent of which was bought in the United States.

This money is not given to other governments. Most of it, more than two-thirds of it is spent here in our own country buying commodities and providing American jobs in the process. It is com-

modities we send abroad, for it is commodities these countries need.

Let us not weaken and jeopardize the very defense forces we have succeeded in building up in so many strategic places in the world. By adopting this amendment we will be doing essentially what our committee thought was the proper amount we ought to authorize.

Mr. CARNAHAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I yield to the gentleman from Maine [Mr. COFFIN].

Mr. COFFIN. Mr. Chairman, I think it might render a service to the committee to review what has happened on this figure of defense support. It started out with \$1,200,000,000, which was spent last year and of that amount \$230 million was for what we now call economic aid. So the real figure is about \$937 million for last year.

It was cut by the Executive to \$900 million in his request, it was cut by the other body to \$800 million and by our committee to \$700 million. That is an overall cut of 40 percent or in strictly defense support money, 26 percent.

On page 7 of the committee report you can see the countries in which this money is being spent. We have already cut this below the Executive request \$200 million and \$202 million is the total amount of defense support asked for the Near East, South Asia, and Africa.

How far can you play around with figures and pluck them out of the air? This is something that no one can be certain on, but I certainly feel it has been cut to the bone.

Moreover, we have in unobligated funds for defense support \$33 million. That is the unobligated part of the pipeline and will last just 16½ days. I do not consider that the Judd amendment is capricious. I do not think the Committee on Foreign Affairs is being difficult. This is a case where we have already seen this amount become dangerously low. On the day before yesterday we approved without any discussion the military assistance authorization of \$1,500,000,000. That was wise, in my opinion, but it certainly is foolish now, having done that, to say that this equally important arm of our overseas defense shall be sent down the drain because we are playing around with figures and trying to make a cut in this particular field. I think any further cut is dangerous and I therefore strongly urge adoption of the Judd amendment to the Hays amendment.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that debate on this item of the bill, this amendment and all amendments thereto, close in 20 minutes.

The CHAIRMAN. The gentleman means on the pending amendment and all amendments thereto?

Mr. CARNAHAN. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I merely want to comment on the criticism that defense support is used to support currencies in these countries. Why, of course it is; it is used to overcome inflation in these countries, which is a devastating effect of war and its aftermath. What we do is to put in commodities so that the people can buy something with their money. They need the commodities in their economy, and having something to buy with their money helps to control inflation. So, of course, the supplies that go in under defense support help the currency situations in everyone of these countries.

Now, we have a constant battle going on, a quiet battle, in each of these countries on the matter of the exchange rate. Our former colleague, Mr. Richards, and I sat down together and argued that matter with Syngman Rhee in Korea. That problem of the exchange rates, inflationary artificial exchange rates, occurs in many of these countries. But, of course, defense support helps to bolster the economy of the country and helps it with its currency problems; helps it with its exchange rates, and helps to prevent inflation.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from New York.

Mr. KEATING. Is it not a very inaccurate statement to say that when funds are used to support currencies, that is done simply to help the bankers?

Mr. VORYS. It is extremely inaccurate.

Now, let me read a part of a statement by the President:

A large part of this assistance is designed to support the defense efforts of Korea, Vietnam, and free China which face potentially active military situations. Important amounts are included for Pakistan and Turkey which also maintain large defense forces in important free-world areas. Without this economic assistance, their own military establishments would have to be reduced drastically, and the other nations of the free world, principally the United States, would have to carry a greatly increased burden. These 5 countries would receive 75 percent of defense-support moneys.

The legislation sponsored by the administration called for \$900 million for this program. The authorizing bill which was passed by the Senate reduced this amount to \$800 million. The authorizing bill approved by the House Foreign Affairs Committee cuts this item to \$700 million. The teller vote taken by the House a short time ago, if sustained by the House, would cut this item to \$500 million.

I view this cut with the utmost seriousness. It represents a reduction of nearly 50 percent from what the administration has asked for this purpose, an estimate which represented in my sober judgment the best interests of the United States. The cut can be considered as no less than a threat to our Nation's security and that of the free world.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I rise in support of the amendment to place the figure at \$600 million. I had prepared a similar amendment.

Now, just two observations about that figure. The Members who have had an opportunity to read the hearings I think

will be convinced, as I am, that \$600 million is more than adequate for the purposes of this section of the bill.

Secondly, Mr. Chairman, every Member of this House knows that this bill will go to conference and knows further that the figure as finally arrived at will be something other than the figure that these bodies put severally in the bill.

Therefore, Mr. Chairman, I urge support for the \$600 million figure.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, first I want to just point out that the gentleman from New York [Mr. KEATING], misquoted me. I presume unintentionally. I did not say that the money was used to help the bankers. I said the bankers were the ones who ultimately profited from it. And, I have yet to hear any advocate of this figure deny that, because they cannot, because it is true, that the bankers ultimately do get the most out of this thing.

Now then, we have heard a lot of talk here about these brave countries, and I certainly want to help those countries wherever we can. I have been for this bill down through the years, but when you say arbitrarily that you have got to have so much money or the program is a failure, then I say that a lot of people are really plucking figures out of the air, because last year we heard this arbitrary statement made, that the cut that the chairman, Mr. Richards, advocated of \$1 billion would wreck the program. Well, the cut went through, and this year when they came up they found that they still had enough money and a half billion dollars left over. Mr. Chairman, I say to you that there is plenty of money in the pipeline and other funds that can be transferred; and I think if you set this figure at \$600 million and the conferees restore it to \$700 million you will find that they will come back with enough money next year and a little left over.

One other word. You are not doing the people any favor when you support these rotten currencies and let the bankers profiteer. I still say that it would be cheaper and wiser to stimulate currency reform in these countries rather than to try to prop up a currency in which no one has any confidence, and in which no one will ever have any confidence.

The gentleman from Ohio [Mr. VORYS] talks about brave countries, and he mentioned Taiwan. Maybe one of the reasons why the only fighting they have done in Taiwan in the last few years is throwing rocks at the American Embassy is because they are sick of our propping up this currency, this inflated currency. Maybe they would like it if we really exercised a little judgment about it and did as we did in Germany, and put it on a sound basis so that not the bankers but the people—it is the people to whom we have to look, not the few at the top, but the people—would be benefited.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, my question concerns the World Bank. I

suppose it is not classified as a government. Therefore I would like to ask the committee if any of these funds go toward meeting interest payments, or reducing principal on world bank loans, wherever they may have been made.

Mr. VORYS. No.

Mr. SIEMINSKI. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HOSMER].

(Mr. HOSMER asked and was given permission to revise and extend his remarks.)

Mr. HOSMER. Mr. Chairman, I take this time only to ask my colleagues to recall the some 400 Russian submarines that the gentleman from Wisconsin [Mr. O'KONSKI] mentioned the other day. I think the actual figure is just under 600.

If you will look at the map you will see that the Baltic Sea is no place from which to operate submarines, nor is the port of Murmansk, nor is the Black Sea. It is obvious that the Russians are simply stockpiling submarines for the day when they can reach out and get ports from which those submarines can be operated against the United States of America.

The objective of the legislation we consider today, in large part, is to boost the national strength of countries where Russia covets sea bases, providing them the power to keep those potential bases in their own hands instead of losing them to Soviet conquest.

When you are thinking about these proposed cuts, and how far and how deep they are going to be, please remember that a part of this program is to deny those ports to the Russian aggressors. And I say "Russian" because they are the same aggressive country with the same overseas ambitions under the Communist regime as they were under the czarist regime. I think it behooves us all well to consider whether or not we feel that the security of the United States is involved in preventing the Russians from obtaining submarine operating bases in the Mediterranean, in the eastern Atlantic, in the Indian Ocean, and in the western Pacific.

If we do so feel, that there is a relationship to the security of our country in denying those bases to an announced hostile foreign power, I urge you to do what it has been found reasonably necessary to do in order to deny those bases to that power.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, there are no two words in this whole bill more euphonious than defense support. It ought to be called by its true name, one of the real giveaways in the foreign giveaway bill, because this money goes for the balancing of foreign budgets, for every conceivable purpose—the paving of city streets, the building of highways, and so forth, and so on. Name it and you can have it. That is what defense support means. The gentleman from Minnesota came pretty close to stating the fact a little while ago when he

wound up his remarks by pointing out the products being shoveled out of the United States to foreign countries. That is what this foreign aid business is becoming, a built-in gimmick to support the economy of the United States. But it is robbing Peter to pay Paul, and one of these days the taxpayers are going to ask some of the Members of the House and the other body just how far they intend to go in robbing Peter to pay Paul.

The Secretary of the Treasury this morning announced a refinancing program of some \$24 billion—not millions but billions of dollars. The Government now is going to borrow money on a 2- to 4-year basis at 4-percent interest.

This is the first time I know of in the history of this country when the Government has paid 4 percent interest on short term financing. The minimum rate, as I understand it, will be 3½ percent on the shortest term obligations.

Yesterday, along with others, I received certain marching orders from the White House with respect to the proposed cut in so-called defense support. I got my last marching orders while in the service between 1916 and 1919, and I have no intention of following some one individual's marching orders in the teller line in the House of Representatives.

I am for this amendment to cut this expenditure to \$600 million. It should have been cut to \$500 million as contained in the previous amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I find myself in the strange position of agreeing in part with the gentleman from Iowa [Mr. Gross]. These difficult decisions involve marching orders, and they are marching orders for American soldiers unless we provide the oil, the gasoline, the food, and the various items that are needed by our allied and friendly foreign troops in the field. What is the use of supplying the artillery, the tanks, the guns, and the various items of military hardware that are necessary for these troops if the Congress then cuts the funds that keep them in the field? Countries such as Turkey, Pakistan, South Korea, Formosa, and Vietnam will not be able to keep these troops in the field.

Let me tell you this: It is correct that a vote severely to handicap this mutual-security program is a vote for a higher draft for our American young men to guard these United States necessary strategic bases abroad.

Let us see what this does. It greatly aids the Far East countries under pressure, the south Asian countries, but it also helps Turkey and Pakistan, and the Mideast countries. A portion of this amount is also for Spain. We should not cut Spain out of this program nor reduce her funds.

Likewise in the Mideast Congress would be voting against Israel and the various countries we have on our side as friends and allies. I cannot break security on that because there is an amount in this legislation for the Mideast and south Asia that is to back up the Eisen-

hower doctrine in the Mideast. Does Congress want to pull the plug out on that program? Certainly not me.

There was comment on the \$668 million for the Far East area. That was my figure that was quoted here by the gentleman from Ohio. Let me just show you what that is.

The \$668 million proposed for defense support is for assistance to the seven countries located around the perimeter of Communist China, which face more immediately the threat of armed Communist aggression, Cambodia, China—Taiwan, Korea, Laos, the Philippines, Thailand, and Vietnam. Nearly 95 percent of this \$668 million total is programmed for the five of these countries that maintain armies costing considerably in excess of what they, themselves, can finance—Cambodia, China, Korea, Laos, and Vietnam.

One important part of the defense support aid proposed for this latter group of countries will be in the form of a direct local currency contribution to the military budget, or for meeting the local currency costs of the construction of purely military facilities. The amount in local currency programmed for this purpose in fiscal year 1958 is the equivalent of about 46 percent of the total \$668 million of defense support that is proposed.

In order to increase the mobility of the military forces and make them more effective, however, it is necessary that the country have a certain minimum of roads, airfields, telecommunications, and electric power. For the improvement of existing and the construction of new facilities of these kinds, another 25 percent of the funds proposed for defense support is programmed.

One major accomplishment, resulting from the use of funds in programs directed toward these general objectives, is the fact that countries in this region have been enabled to maintain, without serious economic deterioration, the more than 1,500,000 men now in their armed forces that have been steadily increasing in their military capabilities, aided with the military equipment and training given under the military assistance program. Among these military forces are the 21 active and 10 reserve Korean divisions, constituting the world's fourth largest army, and other forces in the remaining countries which are making their contribution to peace and free world security.

Economic improvements that have occurred in many of the recipient countries constitute another major accomplishment, aided significantly through these programs. In Taiwan, a previously serious inflation has been brought reasonably under control, agricultural and industrial production has increased substantially, and living standards have improved. In the Philippines, the improvement brought about in conditions throughout the countryside has been a significant factor in the success achieved in dealing with the Huk menace, now nearly eliminated. In Korea, substantial progress has been made toward controlling inflation; also, the major work of rehabilitation has been largely

completed, and projects have been started in agriculture, industry, mining, education, and health from which significant tangible benefits will in due course be seen. In Thailand, the Government has been moving increasingly to improve the effectiveness of its Government services and the utilization of its own resources. In Vietnam, the economic and technical assistance given has been an indispensable factor in the political, military, and internal security improvements effected over the past 2 years, which are too well known to need repeating here.

Considerable progress also has been made in improving and expanding transportation facilities, increasing the mobility of security forces as well as contributing to economic development and political control.

Furthermore, with the present low living standards of the people and their intense desire for visible progress, internal stability, and sustained support for the military effort will not be achieved unless the governments also pay attention to conditions affecting the people's welfare, and take action to create a situation under which a satisfactory morale is possible. The remaining 29 percent of the defense support funds will be used for projects related to this purpose.

Initially, approximately \$530 million of the \$668 million total proposed for defense support in fiscal year 1958 will be used largely to import salable commodities, which will generate the local currency to be made available for military budget support and for projects related to the defense effort that fall within the categories noted above. This means of providing local currency support therefore provides also a supply of essential commodities for sale on the local market, thus helping to reduce the danger of serious inflation.

The principal commodities to be imported under this program are bread grains, dairy products, cotton, soybeans, fertilizer, petroleum products, textiles, machinery and spare parts, electrical equipment, motor vehicles, coal, chemicals, pulp and paper, and iron and steel materials. Of the amount planned for such commodities, \$98.2 million are to be used for the purchase of surplus agricultural commodities from Government stocks, for which the Commodity Credit Corporation will be reimbursed.

What have we done with this program, for example, in Vietnam and Cambodia? We are building a new port there because we absolutely need it if we are going to hold that free country.

What are we doing in the Philippines? Developing ports, transportation needs, and so forth. What are we doing in 7 out of 10 of the countries of the Far East? We have helped develop 700 new 4-H Clubs with 20,000 members among the young people in agricultural clubs helping those countries to develop, to raise the food for the military people that are manning these bases for the protection of their people as well as the free world. What does America and the free world get in return? Allied troops in the Far East consisting of 1,500,000 men, which

we help through this defense support. What do we get in the Near East, Turkey, Pakistan, and that area? The United States and the free world get the support of 1 million men in the field. So we are voting today on 2,500,000 men of our allies, whether to help sustain them in the field through this defense support program. I say to you, Congress certainly should do it. It is vital to our United States and free world security. I firmly believe that the President as our duly elected and experienced Commander in Chief is right and that Mr. Gross as our disagreeing commander in chief here today is wrong.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CARNAHAN] to close debate on the pending amendment.

Mr. CARNAHAN. Mr. Chairman, I yield to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. There are just two misstatements that I would like to correct. One is that there is defense support money here for Israel. There is none. Number two—if you adopt this amendment—Spain is not going to be automatically cut out because it is not mentioned. The figure will just be reduced to \$600 million. That still leaves enough to give Spain \$30 million and I am very much in favor of that.

Mr. CARNAHAN. Mr. Chairman, I ask for a vote on the pending amendment.

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken out.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. I might not have taken this time if the gentleman from Pennsylvania had not said what he did. I am glad the gentleman from Pennsylvania now assumes to have so much authority and influence that he can designate commanding generals. I should like to ask the gentleman from Ohio [Mr. VORYS] a question. How much of this so-called defense support did the gentleman say the Government of Vietnam is getting?

Mr. VORYS. That amount is classified, but it is in the book right here at the table and it has been here for 4 days now.

Mr. GROSS. The gentleman says the information is classified? That is nice. I would like to read from the report of the other body on the foreign handout bill dealing with Vietnam. Listen to what is contained in the Senate report:

In Vietnam, for example, United States representatives have met with only limited success in the past 2 years in persuading the Vietnamese Government to adopt and apply sound economic and fiscal policies, so essential to a development program. These conflicts involve a basic clash between political nationalism and sound economics, and nationalism prevailed.

That is something we do not seem to be very much concerned about in this country—nationalism—but it prevails in Vietnam where we are shoveling out the money.

The report reads further:

This is evident in various facets of handling commercial aid. It appears also in budget administration, for in practice there is no real budget control, and, consequently, budget deficits have increased inflation in the economy.

That despite what we are doing, I say, and I am not reading from the report now. I repeat—despite what we are doing in shoveling out money to that country—

Now, listen to this:

Likewise, the Government has shown a singular reluctance to exercise vigorously its taxing authority.

Now, you go ahead and spend hundreds of millions of dollars on defense support and military assistance to bolster governments that are not taxing their people. Someone said a little while ago that we have had to do all of these things for the French, who are notorious for their noncollection of taxes. If I remember correctly, we provided more than 20 percent of the French military budget from 1950 through 1955, and are still contributing substantially. Just how much farther are we expected to go in playing suckers for the entire world?

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the preferential motion. I am not going to take the 5 minutes. I would like to point out that the question which we will have to vote on immediately is the motion to strike the enacting clause. After that is defeated, which I assume it will be, then the question comes first on the amendment to the amendment, offered by the gentleman from Minnesota [Mr. JUDD], to set the figure at \$690 million. Then if that prevails on the amendment as amended, then the question comes on my amendment making the amount \$600 million. With that \$600 million in the bill the conferees can go to conference and probably come up with exactly the figure which the House recommended.

I yield back the remainder of my time.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I do not yield.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Iowa, Mr. GROSS.

The motion was rejected.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Minnesota [Mr. JUDD], to the amendment offered by the gentleman from Ohio [Mr. HAYS].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. JUDD. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chair appointed Mr. CARNAHAN and Mr. JUDD as tellers.

The Committee divided; and the tellers reported that there were—ayes 101, noes 149.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Ohio [Mr. HAYS].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 155, noes 74.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 5. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is further amended as follows:

(a) In section 142 (b), which relates to agreements, strike out in the first sentence "chapter 2 or" and "or under title II."

(b) Section 143 is amended to read as follows:

"SEC. 143. Assistance to Yugoslavia: In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House of Representatives, and the Appropriations Committees of the Senate and of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act."

(c) Add a new section 144 as follows:

"SEC. 144. Southeast Asia: Assistance under this title shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 percent of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within 30 days."

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 5, strike out line 19 and all that follows down through line 6 on page 6, and insert the following:

"SEC. 143. Prohibition of assistance to Yugoslavia: Notwithstanding any other provision of law, no assistance under this title or any other title of this act shall be furnished to Yugoslavia after the date of the enactment of the Mutual Security Act of 1957."

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. BENTLEY. Mr. Chairman, this amendment, of course, is an annual one that we get every year, and it is very briefly and simply explained by saying that it takes out all assistance to Yugoslavia from the mutual-security program.

My purpose in offering it is twofold. In the first place, there are many Members of the House, including myself, that desire an opportunity to vote against Communist Yugoslavia. They will have

the opportunity on this particular amendment.

The second purpose for offering the amendment, however, is another reason. I am sure the members of the Committee will recall last fall an invitation to Marshal Tito to visit this country issued at a time when Secretary Dulles was in the hospital and without his knowledge or concurrence at that particular time. The members of the Committee will, of course, recall also that there was circulated around here a petition opposing such an invitation for Marshal Tito to visit this country, and as a result the thing was left in abeyance, withdrawn, suspended, or what have you.

Mr. Chairman, I cannot substantiate this fact, but I have heard reports that it is very possible that after the Congress has adjourned and gone home, the subject, the question, of an invitation to Marshal Tito will again be reopened by the administration. Therefore, I think the House might put itself on record not only on the question of assistance to Yugoslavia but also how it feels about the question of Marshal Tito, as I say, again visiting this country. When we speak of visits, incidentally, it would also be appropriate to mention that we apparently are not only going to be "honored" by a visit by Marshal Tito in the foreseeable future, but now apparently by Marshal Zhukov.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Ohio.

Mr. FEIGHAN. The gentleman used the word "honored" by a visit. I believe he means "dishonored."

Mr. BENTLEY. When I get a chance to revise and extend my remarks I will be very glad to put it in quotes.

As I say, the question of a visit by Marshal Zhukov also is apparently in the offing at the present time, a visit to Secretary of Defense Wilson, I understand. I do not know how the rest of the Members feel about it, but I can say this, that I think it would be very unfortunate for an individual, no matter how distinguished his military career in the army of the Soviet Union during the last great war, who rightfully bears the title of Butcher of Budapest, to be invited to this country for any purpose whatsoever.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Minnesota.

Mr. JUDD. I was intending to make the same statement the gentleman has just made. When the United Nations General Assembly set up by a special committee to investigate the Soviet conquest of Hungary, it made a unanimous report in which it unqualifiedly condemned the Soviet intervention as aggression. The only word that can describe the action of the Soviet armies in Hungary is the word that the gentleman used, butchery. And our Government and many of us in the Congress have been trying our best to get the United Nations Assembly to meet and condemn this outrageous act on the part of the Soviet armies. It would seem to me incredible if we were now to invite

to the United States the very butcher, General Zhukov, whose butchery not only the United Nations but all the American people as well have unanimously condemned.

Mr. BENTLEY. I think the gentleman will agree with me that if this visit is actually contemplated and forthcoming, it would be almost impossible for Ambassador Lodge to press for action on the committee report in the United Nations.

Mr. JUDD. Yes; I think it would be practically impossible. But, more important, what would it do to the hearts of the people of Hungary and all other peoples behind the Iron Curtain? How in the world can we ask them to hang on in their resistance to the tyrants oppressing them if we fraternize with and receive as honored guests, or even appear to embrace these tyrants? We never yet have gained in the end by building up oppressors. The American role is to stand with the oppressed.

Mr. BENTLEY. I am glad the gentleman agrees with me on this question of Marshal Zhukov.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I agree with everything the gentleman has said, but I do not think that we need to worry much about anybody in the House inviting Marshal Zhukov. He is no friend of anybody here. It is the President who invited him.

Mr. BENTLEY. Well, I will agree with the gentleman to this extent, that I think the Members of the House might like to support this in some form as to how they feel not only about Marshal Zhukov, but also about Marshal Tito. In my opinion, they are two of a kind.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman.

Mr. VORYS. Mr. Chairman, I did not listen to the gentleman's amendment, but I did not know that it had anything to do at all with Marshal Zhukov or any visits anywhere. I thought it had to do with cutting out all aid to Yugoslavia, in place of the language worked out in the Senate bill; am I correct?

Mr. BENTLEY. That is quite correct.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman.

Mr. MASON. But the principle remains the same, regardless whether you use names or not. It is the principle that we should keep in mind and not the names.

Mr. BENTLEY. I appreciate the gentleman's contribution.

(Mr. OSMERS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. OSMERS. Mr. Chairman, like every Member of this body, I am acutely aware of the need to reduce the cost of Government and to lower taxes. But, as a member of the House Armed Services Committee, I am also acutely aware of the need for a national security program

second to none. And security cannot be bought at bargain-basement prices.

For this reason, I am convinced that any efforts to eliminate or weaken the so-called foreign-aid program in the name of economy would be foolhardy. I am equally convinced, Mr. Speaker, that the frills, boondoggles, an visionary nonsense must be ruthlessly cut from the program so that every dollar spent will exert maximum effort. I believe the changes proposed by President Eisenhower in the administration of this program will cure these defects.

We must not lose sight of the fact that foreign aid is an integral part of our national security program which serves the best interests of the United States by promoting its defense, by contributing to its economic and spiritual growth, and by helping to develop a world environment of freedom in which we may all live in peace.

Mr. Chairman, the foreign-assistance program is a tested and proven supplement for our Nation's defense and gives the American people more security per dollar invested than any other expenditure made. The economic and military assistance provided to friendly nations helps them to shore up their economies and strengthen their independence.

In the case of Korea, for example, American and military aid has enabled the Koreans to build up their own armed forces to the point where we were able to bring most of our own soldiers home. In the past, we had 8 divisions in Korea; now we have 2. If we withdrew our assistance, Korea would be unable to defend itself and we would then face the choice of either losing that country or sending back American forces.

In the past 8 years the United States has furnished direct military assistance to the forces of friendly nations in an amount of about \$17 billion. In this same period the free-world nations have put \$107 billion of their own money into the common defense effort.

With this \$17 billion expenditure the United States has helped to develop and equip a free-world strength of 200 divisions of friendly military forces which have about 27,000 aircraft and operate about 2,500 active combatant naval vessels.

Since 1948 the average share of our gross national product that has gone for foreign assistance has been about 1.7 percent, dropping to 1.1 percent in 1956. The average annual contribution of every American man, woman, and child since World War II has been about \$26 each. In our task of world leadership, the most important job of all is the waging of peace and this program lays a firmer foundation for peace than any other effort of our country.

Certainly, the price is not too much to pay if we prevent a third world war.

At present, our foreign aid takes the form of five major activities. Military assistance provides arms, equipment, and training of military forces of other nations. Defense support includes special assistance to nations with which we have military agreements. Development assistance, sometimes called economic development, includes loans and grants for

long-range projects such as the development of natural resources, building of transportation systems, and establishing basic industries.

Technical cooperation includes programs for sharing technical skills by sending experts, training personnel, and providing equipment for demonstration. United Nations technical assistance includes the United States contribution to the United Nations expanded technical assistance program, similar to United States technical cooperation except that it is supported by many nations.

While there may have been some instances of overlapping and inefficiency in the administration of the whole program, I am confident that changes proposed by President Eisenhower in his recommendations to Congress will remedy these defects. These changes are basic in nature and involve four major policy revisions, as follows:

First, defense assistance programs should be separated from programs for economic development. Second, defense assistance should be recognized and treated as an integral part of our own worldwide defense efforts. Third, economic development assistance should be provided primarily through loans, on a continuing basis, and related closely to technical assistance. Fourth, needs for special economic assistance should be met by funds authorized and appropriated specifically for this purpose.

Mr. Chairman, I would like to see taxes reduced for every citizen as much as anyone. However, to eliminate or weaken our foreign aid program, at this moment of history, is most certainly not the way to reduce our Federal taxes. I know of no better way to express this than to quote from President Eisenhower's message and to add that my own experience and studies as a member of the House Armed Services Committee back up the President's words:

There is, however, only one sound way for us to achieve a real tax reduction. That way is to succeed in waging peace, thereby permitting a substantial cut in our heavy military expenditures. A substantial cut in these expenditures, in the face of present world conditions, would be foolhardy.

Similarly, and for the same reason, refusal to give adequate support now for our crucial mutual security programs could hardly be more ill-advised or ill-timed. It would risk not only the ultimate attainment of the tremendous military savings to which we all aspire; by encouraging aggression and discouraging our friends, it would also risk forcing our own defense spending to a level far higher than it is today. In this kind of gamble, American lives are just as much in the balance as American dollars.

Mr. FEIGHAN. Mr. Chairman, I rise in support of the amendment.

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, I feel that it defies the laws of reason, of logic and of self-preservation to expend the United States taxpayers' money for the despotic tyrant Tito. How far have we departed from the original purposes of this Mutual Security Act which as I understood it when I supported it on every occasion, were to stop the spread of communism, to stop the expansion, aggres-

sion, takeover, and occupation by the Russian Communists of free and independent nations, and to preserve the rights of individual freedom and liberty to the people of those countries who are challenged by the aggressive tactics of the Russian Communists, and to win back freedom and individual liberty for the people of the countries which the Russian Communists enslaved by their illegal take-over and occupation?

What do we find now? The Eisenhower administration, in effect, is asking Congress to support communism. This administration wants Congress to give United States taxpayers' money to this Communist Russian stooge Tito, in order to help him build up the Communist economy which means the strengthening of his tyrannical Communist control over the people of the nations which comprise Yugoslavia. For what purpose? Certainly not expecting Tito to fight in the cause of freedom with the forces of the free world, because he will fight with the Russians in case of a conflict between the forces of freedom and the forces of tyranny.

Tito had proved, over a period of years, such a stanch Communist and loyal supporter of Moscow's Communist imperialism that the new Russian leaders were convinced that his way of spreading communism in the world through the pretense of a different communism which was alleged to be democratic in domestic policies and nonimperialistic in foreign policy was the most efficient way to spread communism throughout the world. After Stalin's death, Tito had many times whitewashed Khrushchev and Bulganin by proclaiming them different, democratic, nonimperialistic Communists. Because of Tito's whitewash of the criminals, Khrushchev and Bulganin, there was arranged a reconciliation between Tito and the Kremlin in June 1955 in Belgrade. Since that time Khrushchev and Tito have been pursuing their joint strategy of promoting independent communism as a means to deceive and confuse the free world.

How successful they have been in their endeavors can best be seen by the example of Communist Poland. While the new Communist strategic line, that of independent communism, does not require any basic change in Communist reality, it is very efficient in creating in the free world the illusion that communism is abandoning its fundamental aim of world conquest and that it is imperative to help the good, independent Communists against the bad, imperialistic Communists.

The Russian alleged champion of Polish independence, Gomulka, went to Moscow and agreed that the Russian troops must stay in Poland, and while a Polish Communist delegation was negotiating in Washington for American surplus goods and loans, the Communist Polish Government was giving a considerable sum of money to Communist North Vietnam for construction projects. Communist Gomulka's sellout of the Polish peoples rights to govern themselves, without the occupation troops of a foreign Communist regime, unfortunately did not prevent the Polish Communist

regime from obtaining aid from the United States, without any conditions being imposed which might, at least, offer a hope that the people, rather than the Communist regime, would be helped.

Although Tito stated on March 29 of this year that there is no such thing as national communism, and that national communism was a term invented by western newspapermen, the policy of the United States seems to be based on that fatal illusion. Another significant development of the last few months has been the change of tactics of the regime in Communist China along the same lines as Yugoslavia and Poland; that is, toward a milder form of communism with more concessions to the people. It is not difficult to see that the Yugoslav and Polish pattern is being repeated on a gigantic scale. The Chinese Communists are reasoning correctly. If what Tito and Gomulka have done has been enough to open the coffers of the capitalist nations for them, it should not be hard for the Red Chinese to achieve the same purpose.

The future prospects of such a development should be apparent. One by one the Communist-occupied countries will, by the flimsiest pretenses of independence and democratic change, maneuver themselves into a permanent dole from the United States taxpayers. Before long, if the United States continues its folly, communism in the whole world will have become innocuous, democratic, nonimperialistic, and the free world, especially the United States, will be financing the consolidation and further spread of communism throughout the world.

After the visit of Tito to the Soviet Union in 1956 one of the most widely circulated stories concerned an incident in Stalingrad. The free press reported that Zhukov and Tito were together at an affair. Zhukov was represented as having made a casual speech in which he announced happily that in the event of war Yugoslavia and the Soviet Union "would march shoulder to shoulder." Tito was reported as being very embarrassed and in fact, angry by the so-called Zhukov speech. It was also reported that while the Western press gave the Zhukov talk big headlines, the Yugoslavs did not print a word of it. The real facts of the matter are the affair at Stalingrad did take place, but the speaker was Tito, not Zhukov. Here is a photostatic copy of the June 12, 1956, issue of Politika, which I have been informed is the largest Communist daily newspaper in Belgrade. I obtained this photostatic copy from the Library of Congress, where the translations were made. Under the main headlines—"The Official Visit of the President of the Republic to the Soviet Union" and the subtitle "Heroic Stalingrad has enthusiastically welcomed President Tito." Tito's remarks were printed in full—"Yugoslavia, in time of war, as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal—the goal of the victory of socialism."

Mr. SMITH of Wisconsin. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Chairman, this amendment is a difficult one because it places our defensive system in a rather peculiar situation because our southeastern defense line includes Yugoslavia as a vital part of that defense system.

What are we going to do? We have embraced Tito, there is no doubt about that. I do not think we can trust him, as a matter of fact, I do not trust a Communist anywhere. It seems to me that our policy in handling Yugoslavia has been rather inconsistent. We know that the basic underlying concept of this legislation is that we are going to stop the spread of communism, first by appropriating enough money to build defensive mechanisms. In this bill before us we have a new gimmick, that of development assistance. It seems to me wholly inconsistent when we think what we are doing as far as Communist Yugoslavia is concerned.

Mr. Chairman, it has been my privilege to have had a number of loyal, patriotic Yugoslavs visit my office and discuss with me Tito and his dictatorship. Tito does not have the loyal support of the Yugoslavs. He has built up a dictatorship and by brute force has been able to maintain it. But you give the Yugoslav patriots an opportunity to rebel and they will rebel. It seems to me here is an opportunity, at least to express ourselves so far as aiding this particular brand of communism is concerned. I recognize fully the dangers, as I already said, to the defensive system in that part of the world. But I am fearful that when the chips are down, Mr. Tito will be found right behind Mr. Khrushchev and his gang of gangsters.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. DORN of New York. Then I take it apart from the remarks the gentleman made at the beginning—that he is in support of this amendment.

Mr. SMITH of Wisconsin. Yes; I support the amendment.

Mr. DORN of New York. I thought at the start of your remarks that the gentleman was not in support of the amendment.

Mr. SMITH of Wisconsin. I heartily agree with this amendment to serve notice that all of us are not going along blindly in support of communism and Tito.

Mr. DORN of New York. May I add that I congratulate the gentleman.

I have consistently advocated the discontinuance of aid of any sort to Tito's Yugoslavia. I want at this time to reaffirm my stand on this question. That Tito is still within the Communist orbit, there can be no doubt. That the Kremlin exacts tribute from those within its orbit there can also be no doubt. Why, then, should be wealth of our Nation be poured into the Kremlin through the funnel of Yugoslavia? What do we gain either in friendship, defense, or reciprocal aid? Why is this so vital to our containment policy?

When aid was first granted to Tito, we took him on faith. In what way has he responded that would lead us to believe that faith was well founded?

This subject has been debated pro and con each year when the Mutual Security Act has been up for consideration. I have listened carefully to all of the arguments advanced in favor of continuing aid, but have yet to be convinced of the need. On the contrary, I believe all reason points to the necessity of withdrawing such aid, thus serving notice on Tito that he cannot carry water on both shoulders.

(Mr. DORN of New York asked and was given permission to revise and extend his remarks.)

Mrs. KELLY of New York. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan [Mr. BENTLEY]. Since 1951, I have sponsored both in committee and on the floor of the House this type of amendment which would cut off all aid to Yugoslavia. Last year, the Congress made a determination that assistance to Yugoslavia should be suspended, but the President made a determination that assistance to Yugoslavia is in the interest of the United States. In S. 2130, the President is required to continue these determinations and assurances. It seems to me rather unusual that one nation is isolated to have special watching. I, therefore, feel I would like to address myself for a moment to the second assurance requested of the President, "that Yugoslavia is not now participating in any type of program for the Communist conquest of the world."

Mr. Chairman, I feel absolutely sure, that Yugoslavia is the key nation and when I say key nation, I am referring to Marshal Tito, in the endeavor to bring about peaceful coexistence. If you remember, in 1955, a joint declaration was made by Khrushchev and Tito after their Belgrade meeting. At that time, they said they would march shoulder to shoulder toward socialism. Then, if you remember, in 1956, in Moscow, Tito said:

In the future they would not only march shoulder to shoulder toward socialism but at the same time Zhukov and Khrushchev announced they would march shoulder to shoulder in any future war.

To me the real test of where Tito stands in the struggle between communism and the free world occurred last fall at the time of the Hungarian rebellion. If you remember, in the early part of the revolution, he claimed very calmly and quietly that it was to a degree a good thing. However, at a later date, he claimed and I quote, "That the Soviet aggression in Hungary was necessary." To me, this was the very time, that Tito should have stood up for the East or for the West—at that time he definitely stated his position in siding with Russia.

Mr. Chairman, you and I should realize that in this fight between communism and the free world, we must aid and help our friends. There is no assurance that he is our friend. There is assurance, I feel, that he is an ally of the Soviet. Therefore, there is no need for further

military equipment to go to Yugoslavia because we have not at this moment enough planes or jet planes to send to our friends, and I certainly think we should not send jet planes to Yugoslavia.

Mr. ZABLOCKI. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield.

Mr. ZABLOCKI. I commend the gentlewoman from New York for her insistent and consistent fight against communism and aid to Yugoslavia.

I rise to ask the gentlewoman whether the provision that the committee wrote in the legislation last year; that is, that the President shall continuously assure himself our aid to Yugoslavia is in our national interest—can the gentlewoman advise the House whether the executive department followed through to the letter of the law? Has the request of the Foreign Affairs Committee and the Congress of the United States fully and constantly informed of the assistance furnished to Yugoslavia?

Mrs. KELLY of New York. When the President decided to renew aid to Yugoslavia, I can only assume that he must have lived up to it. I am sure that under the guidance of the proper officials, he must have determined that it was in the best interests of the United States.

Mr. ZABLOCKI. Do we have evidence that the assistance we have given was not in our national interest? I am just as disturbed as the gentlewoman from New York should our country make possible to Yugoslavia strategic military equipment. Nevertheless, do we have evidence that any of the assistance we have given in the past was not in the best interests of the security of the United States?

Mrs. KELLY of New York. I would like to answer that in this way. Last Easter, when I was in Europe, and met the representatives of the military and questioned them on the inspection of the military materiel that we gave to Yugoslavia, they claimed that we could have inspection of these materiel that we sent them. But when I asked them, "Have you met with the military authorities of Yugoslavia to discuss the use of that military materiel," the answer was, "We are not able to get that meeting."

Mr. ZABLOCKI. I commend the gentlewoman for her very fine presentation.

The CHAIRMAN. The time of the gentlewoman from New York has expired.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

Mr. LONG. Mr. Chairman, I object, unless I am given 5 minutes.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection?

Mr. LONG. Mr. Chairman, I object, unless I am given 5 minutes.

Mr. FULTON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

Mr. GROSS. Mr. Chairman, how much time does that allow each Member?

The CHAIRMAN. The Chair is about to determine that. That will be 3¾ minutes each.

The Chair recognizes the gentleman from Louisiana [Mr. LONG].

Mr. LONG. Mr. Chairman, when I first came to Congress more than 5 years ago my speech on the floor of Congress was against foreign aid.

Mr. Chairman, at this time of the year, when the tax collector has just called, every American citizen becomes more conscious than ever of his tax bill and wonders where his tax dollars have gone. For at least a decade, now, American taxpayers have paid more than \$5 billion annually to foreign countries in the form of foreign aid, with never a full and understandable accounting of how their money is being spent.

The reports of the International Cooperation Administration and the military assistance reports of the Department of Defense, are so obscure that, even after careful study, it is practically impossible to find out what is being done. On the military side, the facts are market "classified" that ought to be public information. Practically everybody in the Pacific knows how much we are spending in Korea and Formosa, including the Communists. The only persons who are not allowed to know are the American taxpayers.

The taxpayers have a right, not only to the facts, but to the facts presented in a way that they can understand.

When and where this fantastic program will end is anybody's guess but, my friends, let us hope that that time is not too far away. The average American citizen is intelligent and is not easily duped on any matter, especially where it involves his hard-earned dollars. Yet, many thinking people in our Nation hang on to the belief that the reckless squandering of hundreds of millions of dollars is a worthy project. I cannot go along with this strange point of view.

We want to help people in other countries to help themselves. Instead we are perpetuating an entrenched bureaucracy of United States planners and spenders the like of which has never been known. We have created a Frankenstein under the name of foreign aid that is likely to destroy the entire economic structure of the United States of America. In all of the history of the world no country has ever embarked upon such a program. The reason for this program is obvious. There are those who want to keep their jobs and make new jobs for others. There are those who want to sell their goods and wares at the expense of the American taxpayers with no thought of ever quitting. This program under its present leadership will go on forever.

We talk about fighting communism. Has it ever occurred to this House that the Russians are the greatest advocates of foreign aid? Are we being driven to destruction by doing the things that the Russians have laid out for us to do?

We claim to be fighting communism, yet we are joining hands with Russia to help Tito. How can any man sit in Congress and justify that? I trust that this bill will be defeated.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. GROSS. Mr. Chairman, I ask for recognition.

The CHAIRMAN. The gentleman from Iowa is recognized for 3¾ minutes.

Mr. GROSS. Mr. Chairman, I yield to the gentleman from Louisiana.

Mr. LONG. I thank the gentleman.

Mr. Chairman, I do not want to take up a lot more time but I am much concerned about this. We who come here have the responsibility of enacting legislation for the entire people of the United States, and I am sure that every man and every woman here is voting his own conscience; but for the life of me I cannot understand how we can come into this House and vote to send our boys to war and at the same time buy and furnish the material with which they are to be destroyed. I just cannot see how we, a Christian people, can join hands with people who plot our own destruction.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, on last Tuesday the distinguished gentleman from Virginia [Mr. SMITH], called to the attention of the House a story that had been circulated in the newspapers of Washington in reference to profiteering in offshore procurement. In response to questions asked by the gentleman from Virginia and others, the gentleman from Ohio [Mr. VORVY] said:

I think it is important to point out that the General Accounting Office specifically advised our committee the Foreign Affairs Committee, that it had found no evidence of any corruption at all.

Subsequently, the gentleman from Maine [Mr. COFFIN] took the floor to substantiate the statement that there had been no corruption in offshore procurement.

On July 15, in response to a letter I wrote to the Comptroller General, the same Comptroller General that the gentleman from Ohio was speaking about, and in connection with the same offshore procurement matter, I received a letter from which I quote the following:

Our report actually concerned the fact that prices in certain contracts with foreign governments or their instrumentalities included allowances for profit contrary to the provisions of the bilateral agreements between the United States and these governments.

The Comptroller General uses the word "contrary." He might just as well have said that they violated bilateral agreements with respect to the purchase of military supplies from foreign producers.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken.

Mr. GROSS. Mr. Chairman, the Comptroller General in this letter goes on and says:

We were informed by the Department of Defense that it was considered advisable that the contents of this report be treated as classified information since it might be detrimental to the interests of the United States in future country-to-country negotiations relative to the problem should this information be disclosed. Consequently, the report was given a classification of "Secret."

Awhile ago a Member of the Committee on Foreign Affairs waived some copies of classified material on this subject. It seems to me the Committee on Foreign Affairs did not do its homework very well when it had the Comptroller General before the committee because in the letter, which is not secret or classified, he says that agreements have been violated. Yet we have from gentlemen on the Committee on Foreign Affairs the statement that there was no violation. Apparently they are saying to us there was no profiteering, which, of course, is a first cousin to corruption. Which way does the committee want to have it?

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. As one member of the committee, I agree with the gentleman that there was violation. The Comptroller General said in his letter that these violations have been corrected and we were told in committee that they were corrected.

Mr. GROSS. How can a violation be corrected simply by saying it has been corrected?

Mr. JUDD. One reason they did not want to make it public now was the fact they are in the process of recovering these sums. They said there is no evidence of profiteering. They and we disagree as to just what the language of the contracts means and now there are negotiations going on to secure settlements with reimbursement to us of all profits which actually accrued to foreign governments.

Mr. GROSS. Well, now, that is not the Comptroller's letter at all.

Mr. JUDD. If the gentleman will look at page 10876 of the CONGRESSIONAL RECORD, day before yesterday, in a letter to the chairman of our committee from Mr. Campbell, the Comptroller General, he will find this language:

Our reviews of the offshore procurement program in Europe, and the reports which we have prepared as a result of these reviews, have not disclosed any valid evidence of personal enrichment of foreign politicians.

Mr. GROSS. I do not want to hear any more about that.

Mr. JUDD. "Profiteering by foreign government-owned corporations, payment of 'kickbacks' or the use of dummy corporations."

Mr. GROSS. The question is, Did they or did they not violate the agreement prohibiting profits, and why should this be classified material? Why should not the taxpayers know?

Mr. JUDD. Because they are trying to work it out with the involved governments.

Mr. GROSS. Well, the Comptroller General said that they violated the agreement. That is sufficient for me. Was it representatives of the Defense Department that violated the agreement or was it foreign governments that violated the agreement?

Mr. JUDD. I asked Mr. Campbell that very question. I said, "Is it because others have tried to conceal improper profits, or is it because our own people have not been sufficiently vigilant to discover violations?" And he said it is a matter of determining the facts as to the ownership of the agencies that filled the contracts. For instance, you fill out an income-tax blank. You or I think an item is deductible. The agents say it is not deductible. They do not accuse you or me of a crime. It is a difference of opinion whether it is deductible or not, and that is exactly like what is going on in this situation.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. PASSMAN. This Committee is entitled to some explanation as to why 6 major oil companies in America are being sued at this time for nearly \$100 million for overpricing of oil through this program. Does the gentleman think it is natural for mistakes like that to be made?

Mr. GROSS. Of course, it is not natural for mistakes like that to be made. It is high time, as the gentleman from Virginia well suggested on Tuesday of this week in general debate, that this business of classifying information of interest to the general public be stopped.

The CHAIRMAN. The question is on the motion offered by the gentleman from Iowa [Mr. Gross].

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. GRIFFIN].

Mr. GRIFFIN. Mr. Chairman, I rise to voice for the record my support for the amendment offered by my colleague from Michigan [Mr. BENTLEY] which would eliminate mutual security funds for Yugoslavia from this bill.

In general, I have supported the mutual security program as a vital part of our total defense effort.

I have tried to keep an open mind on the Tito issue and to consider carefully the arguments and evidence which have come to my attention. However, as yet, I cannot bring myself to believe that aid to Marshal Tito will add anything to our military strength. On the contrary, I can only conclude that every dollar which goes to Tito will be a dollar subtracted from our defense effort.

I recognize the argument that we should consider help for those peoples under Communist control who are seeking to break their chains imposed by totalitarian rulers. However, to put guns in the hands of Tito, and to put money in his pocket, can only strengthen his grip and make it more difficult for the

good Yugoslav people ever to throw him out of power.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. PORTER].

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, I rise in opposition to the amendment. I agree with the very able gentleman from Minnesota [Mr. JUDD] that our country is and should be on the side of the oppressed and not on the side of the oppressor. I do not believe that this administration is disloyal, as has been suggested.

I think that the distinction between helping Tito, Chiang Kai-shek, Franco, Syngman Rhee, and others down the line, and between helping certain Latin American dictators—and I shall have an amendment on that subsequently—is simply in terms of mutual security, which is the purpose of this bill.

I served, as many people did, in World War II. One of our allies was Soviet Russia. I do not like Communist dictatorships. I did not like them then and I do not like them now. But I was glad to see what they were doing on their front during that war.

When we have a good reason to support a country, that does not mean that we approve their government, not at all. It means that we are acting for the security of the United States. I believe that the language in this bill safeguards us. I believe it very clearly makes provision for the kind of conditions we need to see so that our assistance is given under the proper safeguards.

Of course, we are on the side of the oppressed. Of course, we are against the forms of government represented by Tito and Chiang Kai-shek, Ibn Saud, and other dictators. Of course we are. My hope is that our country, our Nation, will say so more loudly than they have been doing. I want to say this, that in South America, where we have been helping many dictators, with no observable military advantage, we have hurt ourselves tremendously.

Mr. Chairman, in conclusion let me say this. I do not believe that we should subscribe to everything the military says. When they say that we must help this country or that, I think we, as Congressmen, have a duty to look and see for ourselves as best we can whether there is an observable military advantage. If we have to have the devil on our side we ought to see some substantial advantage in having him on our side. That I say is the purpose of cooperating with dictators, unsavory persons, such as Mr. Tito and the others.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I could not quite follow the gentleman's distinction between totalitarian dictators. Particularly the distinction as it pertains assistance and our national security and interest. Does the gentleman maintain that a country not now under communism or immedi-

ately threatened by communism should not receive assistance? Is it not in our national interest to assist nations in order to prevent infiltration and invasion by the Communists? The gentleman surely does not believe it is only in our national interest to help dictators if they are Communists or are neutrals? Must a nation become Communist to get our attention and assistance? Surely, it is in our national interest to prevent any country from becoming Communist dominated.

Mr. PORTER. May I say to the gentleman that from our deepest traditions we are against any dictatorship and that we are for helping persons in the world gain freedom and enjoy democracy and individual rights. We never help a dictator, but we do help ourselves on those occasions when we have a substantial military advantage to achieve by spending money in these unfortunate countries. Mutual security is primarily for this Nation. We only make deals with dictators when the military advantages make this worthwhile in our struggle against international communism.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I rise in opposition to this amendment to cut out all aid to Yugoslavia, as this amendment obviously goes too far. I have probably been the first one in Congress, which I was, to offer an amendment to limit aid and put conditions on aid to Tito in Yugoslavia, and have opposed his official visit to this country. We must distinguish between Communist governments and the non-Communist subjugated peoples of the Eastern European nations.

I have during the past 90 days been to Yugoslavia and spent about a week there checking this very problem. I felt that I should study the difficult problem firsthand, because I have been one of those in opposition. As a matter of fact, when I showed up in the country, one of the Communist officials said to me after several days, "You are almost the last one in the world we expected to show up here." As you know, I went as a tourist, not as an official. I think the gentlewoman from New York [Mrs. KELLY] would be the last person they would expect to show up in Yugoslavia, but I was pretty clearly the next to the last. I believe I can give her that honor.

My conclusion is given after much study in Yugoslavia. We must distinguish in these Eastern European countries that are subjugated countries between the Communist governments and the people who are non-Communist peoples. I voted for aid for Poland, because I feel that the good Polish people are moving away from communism. They are at present 95 percent Catholic and religious.

When I went to Yugoslavia I found a very warm welcome by the Yugoslav people. They are basically friendly to the United States. As a matter of fact, the Yugoslav Government is gradually losing its absolute power over the people. There are only 2 percent of the present

households now that are on state cooperative or collective farms. Eighty-five percent of the collective farms have been closed by voluntary peasant action since 1953.

The Yugoslav Government took up collectivization as priority aim at the end of 1948, apparently as an aftermath of the Cominform break, and the share of tillable land in the collectivized sector jumped from 3.3 percent in January 1949 to 12.6 percent in June of the same year. The peak of collectivization was reached in mid-1951, when nearly 25 percent of the tillable land and 18 percent of the farm households were in collective farms. The collectivized sector began to dwindle away during 1952, and after the government officially called a halt to the policy of collectivization in March 1953, and sanctioned the withdrawal from the collectives of all peasants who wanted to leave, collective farms declined rapidly to their present status, embracing about 3 percent of the tillable land and 2 percent of the peasant households.

In addition to the land held by the collective farms, about 6 percent of the tillable land is held by state farms and 1 percent by the general agricultural cooperatives, making a total of about 10 percent held by the state and cooperative sectors and 90 percent by private peasants. About 98 percent of peasant households are in the private sector.

Likewise the peasants and the people themselves have opened the churches, so the peasants and people can now go freely to church. There is no doubt there has been and is repression of religious leaders, and there are many policies of the government that do not conform to our democratic ideals. But we must see where and in what direction the peoples of these subjugated nations are moving. We should not in any circumstances turn these fine people of Yugoslavia against us, and force them to turn in other directions for necessary food and technical assistance. I do not believe that America should use lack of food, and starvation, as a means of foreign policy. This is against our patriotic and religious inheritance in America.

Let us adopt the program that Senator KENNEDY, of Massachusetts, has recommended of encouraging people in the subjugated countries to free themselves from their chains and come to the free world. Do not force these unfortunate peoples to the terrible choice to make of slavery or revolution as Hungary has had, and decimation by the Soviets when the foreign troops move in.

When we get to the place where there is a quiet peoples' revolution going on, as I can assure you there is in Yugoslavia, when there is a movement toward a more broadly based government and somewhat less repressive, when the Yugoslav people have now moved so that 75 percent of their foreign trade is with the free world, let us encourage it, through continued emphasis on non-military aid to the people, and the limitation of arms aid, to necessary arms for defensive purposes only, to insure the independence of the Yugoslav people from outside attack.

I am one of those who met with General Waters, head of the military assistance group of the United States in Yugoslavia. I asked him to continue the present policy of not sending any modern jet planes to Yugoslavia such as planes of the F-86 and Century series, as I do not view these planes as defensive weapons, and they might be used in opposition to our United States retaliatory air power in case of any major world conflagration which we sane citizens of the world are trying to prevent. The United States should continue its programs of sending over our United States agricultural surplus that will let the Yugoslav people continue and try to be our friends.

I would point out what the United States economic aid program has been over the past several years. Since fiscal 1955, the bulk of economic assistance to Yugoslavia from the United States has been in the form of United States agricultural commodities. Public Law 480 supplied \$98.7 million in fiscal year 1955, \$71.2 million in fiscal year 1956, and \$98.3 million in fiscal year 1957. The Mutual Security Act supplied \$30 million in foodstuffs in fiscal year 1955, \$23.8 million in fiscal year 1956, and \$13.5 million in fiscal year 1957.

Thus, of the \$43.5 million voted for Yugoslavia in mutual security economic aid in fiscal year 1955, only \$13.5 million went for technical assistance and non-agricultural assistance. Of \$30 million in fiscal year 1956, only \$6.2 went for nonfood help; and of \$15 million in fiscal year 1957, only \$1.5 million.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, I hesitate to rise and oppose the gentleman from Michigan [Mr. BENTLEY], but I would like to ask him a question. Is it true that the gentleman advocates aid for Poland, but does not advocate aid for Yugoslavia.

Mr. BENTLEY. The gentleman is entirely correct. I think there is a great distinction between the two countries insofar as the type of government under which they are living at the present time is concerned.

Mr. HAYS of Ohio. I appreciate the gentleman's frankness. I appreciate the fact, and I am sure that he sincerely believes that, but since I only have 3¾ minutes as a result of the limitation of debate on this amendment, I cannot yield further, but I would just like to point out that to my way of thinking there are probably some basic differences. Mr. Gromyko in Poland is a dedicated Communist. No one can deny that. Tito is also a dedicated Communist and I do not think anyone can deny that either. As I see it, it is simply a matter of degree and as I said on this floor a year ago, and the year before that, I think, it is something like sitting in on a card game where a big pot has been built up and it is going to cost you a few dollars to look at the last card. I thought last year, perhaps, that we had looked at the last card—but we have not. We do have a terrific investment in Yugoslavia and if we adopt this

amendment, and if we cut off all aid—I put it to you sincerely—then we just drive Tito into the hands of the Communists with the billion dollars that we have given to him already. So, approaching this question in a cold-blooded way, it would seem to me that the sensible thing to do is to defeat this amendment and let the President decide. As I said last year, after all, we only have one President at a time and he is the man who has to make the decisions, and I am willing to abide by the language in the bill which I think provides a lot of safeguards, and if the President says that continuing this aid to Yugoslavia is in the interest of the defense of the United States, then I am willing to go along with him.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. MORANO. I was about to say the same thing, that if conditions warrant it and there is danger that our aid would be misused—that is No. 1—and secondly that if it would not have the effect that we desire it to have, then the President can turn the faucet off and stop the aid immediately; can he not?

Mr. HAYS of Ohio. That is exactly right.

Mr. MORANO. And he has done that in the past.

Mr. HAYS of Ohio. We have done it in the past and I have confidence that if Khrushchev and Tito make too much of a rapprochement, the President will again cut it off. But, I am not at all sure that Tito is ever going to submit to the Kremlin because—let us look at it realistically—he likes the job he is doing as dictator of Yugoslavia too well to submit to anyone who can liquidate him. He likes his Isle of Brioni. He likes the life he is living and, as a matter of self-preservation, I do not think he is going to go back with the Kremlin. They want him to go back, and I think if we can keep him from it, we are hurting them more than we are hurting ourselves.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. BENTLEY. Then, if there is no danger of Tito going back to the Kremlin, he will not go back whether we give him the money or not; will he?

Mr. HAYS of Ohio. I do not say there is no danger. I think there is danger. I did not say that at all. I think there is a definite danger and that is the reason they have the language written in there to let the President make the decision. I think it is a gamble and if we can keep him from going back, I think it is worth the gamble involved inasmuch as the amount involved now is so small compared to what we have already given him.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I claim that I was the original anti-Tito man back in 1949 when I filed the minority report against the first bill for aid to Yugoslavia. But, I will have to admit that Titoism has been an important force in shaking the hold of the Soviets

on their satellites. What is happening in Poland is partially a result of Titoism. If Yugoslavia was not in such a strategic location, we would not be so excited about this.

I think the way to handle this situation is the way it is in the Senate bill. This is not an administration amendment, but it was prepared, I understand, by Senators KNOWLAND and BRIDGES who are just as suspicious of Tito as anyone who has spoken. I want to read from a newspaper article which appeared this week:

TITO AND SOVIET AID

Semiofficial reports from Belgrade indicate that President Tito will soon send to Moscow a special delegation charged with the task of trying to persuade the Kremlin to carry out its pledge of economic aid to Yugoslavia.

This pledge, hailed at the time as a firm commitment, was made last August. Under it, Nikita Khrushchev and company promised to extend to the Tito government the equivalent of \$250 million in sorely needed long-term Soviet credits. The aid was to have been used for the construction of such industrial projects as an aluminum plant and an electric power station.

However, not many weeks after the commitment had been made, the Kremlin ran into critical trouble with Poland's independence-minded Communists, and it next faced a full-scale rebellion in Hungary. These two events so deeply stirred Belgrade that it did not hesitate to reveal its sympathies. It openly lauded the Polish Reds for their nationalist effort to achieve a measure of freedom from Moscow. More than that, Marshal Tito publicly deplored as a fatal mistake the brutal Soviet suppression of the Hungarian uprising.

All this, of course, infuriated the Kremlin. And so the Tito government—which had been anathema to Moscow from 1948 until the Khrushchev-Bulganin reconciliation mission of 1955—thereupon found itself, once again, on the receiving end of a venomous Soviet propaganda attack. Among other things, the attack accused Belgrade's maverick Reds of sabotaging international communism and promoting the ends of aggressive Western imperialism. Finally, to make clear their displeasure, Russia's collective leaders reneged on their promise of help to the Yugoslavs.

I do not know whether they will keep on reneging or not, but it seems to me, under these circumstances, if such a mission is going to Moscow we do not want to do anything that is going to say, "Tito, it is curtains for you, as far as any further aid from the United States is concerned." We do not want to drive him back for support from Moscow. We want what is provided in the Senate bill. We want to have the President keep an eye on him and report instantly to the House and Senate any change in the program as provided in the Senate amendment, and we do not want to pass the Bentley amendment.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. VORYS] has expired.

The gentleman from Missouri [Mr. CARNAHAN] is recognized to close debate.

Mr. CARNAHAN. Mr. Chairman, the issue before us is not whether we like Tito or whether Tito is a Communist or whether we approve the particular kind of communism that exists in Yugoslavia.

It is important not to lose sight of the fact that the principal reason for the bill

which we are considering this afternoon is the threat of international communism. The question for us to consider is whether or not we weaken the Soviet Union by giving assistance to Yugoslavia.

I believe that the evidence clearly indicates that our aid to Yugoslavia has weakened the Soviet Union and that it is in our interest to continue what we have begun.

One of the most encouraging developments in the field of international affairs during the last 10 years has been the evidence that a fissure has developed between the European satellites and Moscow. The Secretary of State, and so far as I know, everyone of our officials who are in position to be informed on these matters, believe that Tito's influence has had a lot to do with the unrest in the satellites. If the United States refuses further aid to Yugoslavia it will discourage those leaders in the satellites who are trying to pull away from the U. S. S. R.

Denying this aid will also make the problems of Khrushchev and his followers easier in their future efforts to bring Tito into line.

I ask for a vote on the pending amendment.

Mr. BECKER. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I support the amendment refusing aid to Yugoslavia. I cannot conceive how on the one hand we are fighting international communism and then aid it with the other. Yugoslavia has not in any way agreed to support our cause, nor has she disclaimed her ties with Soviet Russia, but has evidenced in every way playing ball with the Kremlin. I therefore hope the amendment prevails.

The CHAIRMAN. All time has expired on the pending amendment.

The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 66, noes 98.

So the amendment was rejected.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the purpose of my asking for the 5 minutes was because when the gentleman from Iowa was in the well I asked him to yield and the demands upon his time were such that he found it impossible to yield.

In discussing the offshore procurement matter he seemed to feel that the Committee on Foreign Affairs had in some manner been derelict. I daresay the matter never would have reached the ears of the gentleman from Iowa and of other Members who have been interviewed and have written letters to the chairman of the Committee on Foreign Affairs if it had not been for the alertness of the Committee on Foreign Affairs.

I wish that the Members in order that they may be informed on this would take the hearings and read from page 1190 on. They will find examination by the gentleman from Illinois pinpointing gross inefficiency and searching for pos-

sible corruption. They will find the questioning of the gentleman from Connecticut [Mr. MORANO] and other members of the committee. This resulted in a positive commitment to the Committee on Foreign Affairs that the matter had not been dropped and that every step would be taken to run down all the facts, wherever they might lead. I am saying this so that the Committee may know that it is the Committee on Foreign Affairs that has pursued this inquiry with persistent diligence.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield.

Mr. FASCELL. I would like to inform the gentleman that the House Committee on Government Operations has all of these classified documents under study and investigation in the Subcommittee on Governmental Reorganization of which I am a member.

(Mr. MILLER of Nebraska asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MILLER of Nebraska. Mr. Chairman, as we advance the discussion of this mutual security program, I continue to wonder where the money is going. How much of it is going into sound projects? How much of it is going into somebody's pipedreams? How much of it is going down the drain?

There is one aspect of this program upon which I look with a great deal of suspicion because we are given so little information about it. I am talking now about reclamation, irrigation, power, and flood-control projects all over the world.

As you and all my colleagues know, Mr. Chairman, when even a small irrigation project is proposed for some one of the United States, every phase of this project is studied. Engineering reports, feasibility reports, and other reports are demanded before we can get approval of the Department of the Interior, the Bureau of the Budget, the Interior Committee and the Appropriations Committee. It is a long process but it assures us that the proposed project is sound. It is not always possible to get domestic projects approved. They are turned down for many reasons. Those under the ICA seem to have little difficulty in getting the approval of this body. However, these projects in foreign countries do not come up for individual consideration.

Mr. Chairman, I have examined rather carefully the rollcall on the so-called foreign-aid bill. I find many of my colleagues who voted rather enthusiastically for the foreign-aid bill, which covers 197 projects in 46 countries, costing the taxpayers since 1948 \$335 million, are often voting against the development of similar projects in our own country.

On last May 7, 1957, Mr. Chairman, I had inserted into the CONGRESSIONAL RECORD a summary of the ICA or predecessor agencies' obligations for irrigation, reclamation—including flood control—and power projects during the period from April 3, 1948, to December 31, 1956.

Total obligations for these projects as of last December 31 amounted to the amazing total of \$355.8 million dollars covering some 197 projects in 46 different countries.

When, after long study, we build such projects in the United States, much of the money comes back into the Treasury over a period of years. When, after no study by this body, we build such projects in foreign nations, the money never comes back, and how much good the projects do is actually debatable.

If you will take the trouble to read the ICA report in the May 7 RECORD you will find listed electric stations in Italy, powerplants in Spain, deep-well improvement in China, land development in Korea, survey work in Iran, and irrigation works in Cambodia. We conduct soil surveys around the world, but it takes weeks and months and years of hard work to get even a minor irrigation project approved in the United States of America.

I would suggest that my colleagues examine with care the report summarized by ICA showing the obligation of \$355.8 million for foreign projects and then be a little more generous with projects at home which are an investment in America.

We have built roads to nonexistent dams; we have built plants that were never used; we have built ditches that went nowhere—all under the guise of foreign aid. The time for reevaluation has come. I feel kindly toward the other nations of the world, but we cannot play Santa Claus forever in every department of human endeavor.

We have spent over \$60 billion in foreign aid in the last few years. Some of it may have been carefully and wisely spent, but much of it was dispensed with a scoop shovel. I shall oppose foreign-aid spending.

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 6, line 1, after the words "The President", strike out everything through line 6 and insert "shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act."

Mr. HARDY. Mr. Chairman, I have 3 or 4 other amendments that provide the same thing with respect to several sections of the bill. If I may say a few words about what these amendments will do I shall ask that they be considered en bloc. First of all let me say that these amendments were drawn up with the help of the gentleman from Indiana [Mr. BROWNSON].

There are several places in this bill where reporting to specific House committees is required. My several amendments would in each of those cases strike out words specifying the House committees to which reports would be made, and would substitute the Speaker of the House of Representatives therefor. Under my amendments all the required reports would be made to the Speaker, and in consonance with the rules of the House they would be referred by him.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. That is what should be done?

Mr. HARDY. That is the position the House has taken consistently in the past.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Ohio.

Mr. VORYS. I have not conferred with other members of the committee, so I can only speak for myself, but I believe other committee members will agree with me. I have conferred with the Speaker quite recently on this and he approves this way of doing it, and I therefore approve the gentleman's amendment to this section and the series of amendments that he has designed for this same purpose.

Mr. HARDY. I am grateful to the gentleman.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Missouri.

Mr. CARNAHAN. The gentleman spoke to me regarding the series of amendments he has in mind. I have no objection to them. The amendments merely bring the bill in compliance with rule 40 of the House. We accept the amendment on this side.

Mr. HARDY. I thank the gentleman very much.

Mr. Chairman, I now ask unanimous consent that the several amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. HARDY: Page 6, line 21, after "Senate," strike out all through line 23 and insert "and the Speaker of the House of Representatives within 30 days."

Page 9, line 17, after "The manager of the fund," strike out everything through line 24 and insert "shall furnish to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report on each financing operation or transaction involving the fund's assets. Such report shall be made at the time such financing operation or transaction is consummated."

Page 27, line 14, after (f), strike out everything through line 17 and insert:

"Repeal section 513 and add the following new section:

"SEC. 513. Notice to legislative committees: When any transfer is made under section 501, or any other action is taken under this act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this act or acts appropriating funds pursuant to authorizations contained in this act or which will result in expenditures greater by 50 percent or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of

any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with them."

The CHAIRMAN. The question is on the amendments offered by the gentleman from Virginia [Mr. HARDY].

The amendments were agreed to.

The Clerk read as follows:

SEC. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to development assistance, is further amended by striking out the heading of the title, "Development Assistance," and substituting "Development Loan Fund"; by striking out the section number and heading of section 201 and striking out subsections (a) and (b) of section 201; by redesignating subsection (c) of section 201 as subsection (d) of section 537 and striking out therein "this title" and "411 (c)" and substituting, respectively, "section 400 (a)" and "411 (b)"; and by inserting the following new sections:

"SEC. 201. Declaration of purpose: The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

"SEC. 202. General authority: (a) There is hereby established a fund to be known as the development loan fund (hereinafter referred to in this title as the fund) to be used by the President to finance activities carried out pursuant to authority contained in this title.

"(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as he may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title. Loans shall be made from the fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The authority of section 401 (a) of this act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this act be used to increase or decrease the funds available under this title. Guaranties under this subsection shall be subject to the provisions of section 413 (b) (4), except subparagraph (F) thereof. The administrator of the fund shall furnish to the Committee on Foreign

Relations of the Senate, to the Committee on Foreign Affairs of the House of Representatives, and to the Committees on Appropriations of the Senate and House of Representatives, a report on each financing operation or transaction involving the fund's assets. Such report shall be made at the time such financing operation or transaction is consummated.

"SEC. 203. Capitalization: (a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the fund, not to exceed \$500,000,000. In addition, unless disapproved in the appropriation act appropriating funds pursuant to the authorization contained in the preceding sentence, the Secretary of the Treasury is authorized and directed to make, beginning in the fiscal year 1959, loans to the fund in amounts needed to cover obligations incurred against the fund. Except as provided in section 204 (b) of this act, the maximum amount of obligations incurred against the fund during the fiscal year 1958 shall be \$500,000,000, during the fiscal year 1959 shall be \$750,000,000, and during the period beginning in the fiscal year 1960 shall be \$750,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the fund pursuant to this section.

"SEC. 204. Fiscal provisions: (a) All receipts from activities or transactions under this title shall be credited to the fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

"(b) The President is authorized to incur, in accordance with the provisions of this title, obligations against the fund in amounts which may not at any time exceed the assets of the fund. The amount of such obligations also may not exceed the limitations specified in section 203 (a) of this act except that, to the extent that assets of the fund other than capitalization provided pursuant to section 203 (a) are available, obligations may be incurred beyond such limitations. Obligations incurred against the fund which are subsequently canceled shall not be counted for purposes of the limitations on obligations specified in section 203 (a). The term 'assets of the fund' as used in this section shall mean the amount of liquid assets of the fund at any given time including any amount of capitalization authorized pursuant to section 203 (a) of this act which has not been advanced or loaned to the fund as of such time. The fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title, including repayment of loans made to the fund pursuant to section 203 (a) of this act.

"(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate

transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

"SEC. 205. Powers and authorities: In carrying out the purposes of this title, any officer or agency of the United States designated to exercise authorities provided for hereunder may, in addition to other powers and authorities provided to such officer or agency pursuant to this act or otherwise by law, and as the President may direct: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as such officer or agency shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers, and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges, or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, such officer or agency and, as such officer or agency may determine, refer any such obligations or rights to the Attorney General for suit or collection; and otherwise take any and all actions determined by such officer or agency to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation authorized by this title. No officer shall be designated to be the administrator of the fund except by appointment by the President by and with the advice and consent of the Senate.

"SEC. 206. Advisory Loan Committee: There is hereby established an Advisory Loan Committee, referred to in this section as the 'Committee', which shall advise and consult with the President, or such officer as he may designate to administer the fund, with respect to basic policy matters arising in connection with the operations of the fund and with respect to each new obligation against the fund in excess of \$10 million. The committee shall consist of the Deputy Under Secretary of State for Economic Affairs, the Chairman of the International Development Advisory Board acting in his individual capacity, the administrator of the fund, and representatives designated by the President from the Export-Import Bank, the Department of Agriculture, the Department of

Commerce, the United States representation in the International Bank for Reconstruction and Development, and such other representatives of Government agencies as the President shall deem necessary to insure proper coordination of the fund's activities with the activities of other sources of capital which flows abroad. The Deputy Under Secretary of State for Economic Affairs shall be chairman, and the administrator of the fund shall be vice chairman, of the committee. The administrator of the fund shall furnish to the committee all necessary information to enable the committee to form a judgment with respect to the subjects referred to in the first sentence of this section. If the administrator of the fund follows a course contrary to the advice of a majority of the committee with respect to any such subject, he shall furnish to the committee and to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a statement of his reasons for doing so."

With the following committee amendment:

Page 9, line 2, after the word "title", strike the balance of the line down to and including the word "title" on line 3.

The CHAIRMAN. The question is on the committee amendment.

Mr. PORTER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PORTER. I had an amendment after line 23 of page 6. Have we passed line 23, page 6, in the reading of the bill?

The CHAIRMAN. Yes; that part has been passed.

Mr. PORTER. Mr. Chairman, I ask unanimous consent to return to page 6 for the purpose of offering an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

Mr. FULTON and Mr. MASON objected.

The CHAIRMAN. The question is on the committee amendment.

Mrs. KELLY of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. GAVIN. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mrs. KELLY of New York. I yield.

Mr. GAVIN. I have an amendment on page 13. Would that be in order immediately after the committee amendments have been acted upon?

The CHAIRMAN. The gentleman will have to wait until the committee amendments to section 6 have been disposed of.

Mrs. KELLY of New York. Mr. Chairman, my objection to the committee amendment is an endeavor to retain or to restore the language in S. 2130. The decision of the other body denied the authority to waive the requirements of the Mutual Defense Control Act of 1951—Battle Act—for the purposes of this title. If the language of S. 2130 is retained it would forbid the use of the development loan fund to nations behind the Iron Curtain or in fact to any nation who trades or deals in war potential materials with the Communists, not

only the enemies of the United States but the enemies of the free world.

Mr. Chairman, I want to emphasize that there was no disagreement in the other body to the fact that the provisions of the Battle Act were made applicable to the use of the development loan fund. This question was not even raised in the argument on S. 2130 when it was brought to the floor. Surely the entire membership of the other body cannot be wrong. Nor is there any mention in the House report on this provision.

This committee amendment deletes the very purpose of the argument for all defense appropriations and for the authorization of S. 2130, the bill before us. Furthermore, if the President feels that the national security of the United States requires him to waive the provisions of the Battle Act in dealing with any nation, he has that authority in the proviso clause of the Battle Act and he must report this determination to the appropriate committees of Congress, which I feel is a check on the use of these funds.

At this point I want to read an excerpt from Senate Report No. 1011, page 6, 79th Congress, regarding legislative oversight which I feel expresses legislative responsibility:

While the Constitution directed the separation of powers between the executive and legislative branches, it did not intend them to go separate ways and in opposite directions. Each year the gulf between Capitol Hill and the departments widens. And without effective legislative oversight of the activities of the vast executive branch, the line of democracy wears thin.

In the past few years the executive branch has practically ignored the provisions of the Battle Act without any objection being raised by this august body. Do we say one thing and mean another? Do you believe in spending billions for defense and more billions for foreign aid and at the same time assisting in the military build-up of the enemy? No one can deny that relaxation of trade restrictions, various know-how exchanges, long-term loans to other than our allies and friends will only hasten the day when the Kremlin could launch the decisive aggression.

The basic purpose in this bill (S. 2130) is for authorization to strengthen the forces of our allies, our friends in the free world. Do you desire to waive requirements of a statute and in so doing assist the enemy?

I feel I would be remiss in my responsibility if I did not give the Members of the House this opportunity to make this decision. I trust you will support my objection to this amendment.

Mr. HAYS of Ohio. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield to my able colleague from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. In supporting the gentlewoman's position, I would like to point out that the committee itself was in the process of going forward and backward on this very matter, because they struck out on page 9 the Battle Act language that the Senate had in, and then over on page 32 they put in a new section which put it back in. I think the thing to do is to defeat the committee

amendment at this point, leave the language as the Senate has written it, and then forget about section 550 when we come to it. I do not see any reason for going to conference over two items which mean exactly the same thing but cover two separate sections of the bill.

Mrs. KELLY of New York. I agree with the gentleman from Ohio [Mr. HAYS]. I really prefer the provision on page 9. I shall not go into the method by which it was deleted at that point. I had no alternative but to attach it to the entire bill. I hope the members of the committee will support my objection to the committee amendment.

Mr. VORYS. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield to the gentleman from Ohio.

Mr. VORYS. Would the gentlewoman swap this one for her later amendment, which I feel was a mistake that the committee made?

Mrs. KELLY of New York. I frankly say I do not think it was a dreadful committee mistake or a dreadful mistake as far as I am concerned. I should like it attached to the entire bill, but I would be satisfied and agreeable to having it on this page.

Mr. VORYS. Then I rise in support of the gentlewoman's position at this point, and against the committee amendment.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 9, line 5, strike out all after the period down to and including all of line 7 and insert "No guarantees of equity investment against normal business-type risks shall be made available under this subsection."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 9, line 9, after the period strike out the balance of the line and all down to and including all of line 16, and insert the following: "The manager of the fund shall furnish to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report on each financing operation or transaction involving the fund's assets. Such report shall be made at the time such financing operation or transaction is consummated."

Mr. VORYS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. As I understand, the gentleman from Virginia [Mr. HARDY] in that series of amendments that we recently adopted placed an amendment here to cause it to conform with the other provisions where the reports are to be made to the Speaker as well as to the committees.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 10, line 13, strike out "\$750 million" and insert "\$500 million."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 10, line 15, strike out "\$750 million" and insert "\$500 million."

Mr. GROSS. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Chairman, we have now reached one of the worst parts of this legislative monstrosity. That is to be the new sugar-coated title, "Development Loan Fund." It is being transformed from development assistance to development loan fund.

You can call the financial transactions loans if you want to, but they will be the softest loans you ever saw. They will be the most uncollectable loans you have ever heard of.

What are we doing? From the Library of Congress a few days ago I obtained the information that we have contributed to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, and the Export-Import Bank, no less than \$6,960,000,000—that is the latest figure I have been able to obtain—in round figures, \$7 billion that this Government has contributed to those already established international financing institutions.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. VORYS. I wonder if the gentleman is in error. My information is that we have authorized over the years \$8.5 billions to the Export-Import Bank and \$5.4 billion has been disbursed by that bank. Therefore, I would think that possibly the total would be larger than the gentleman's figure.

Mr. GROSS. I have no doubt that it is. All I can do is rely on the figures that a common, garden-variety Member of the House of Representatives can get.

You have to be among the elite to get some information around here, but at any rate the amount provided me is \$6,960,000,000 that our taxpayers have already contributed. We contribute 100 percent to the Export-Import Bank, 38.22 percent to the International Finance Corporation, 34.26 percent to the International Bank for Reconstruction and Development, and 30.78 percent to the International Monetary Fund. On top of this we are asked to provide in this bill \$1,500,000,000 for this new development loan fund. A story appeared in one of the Washington newspapers this week, a dispatch from the United

Press, saying that the United States Export-Import Bank had granted over \$1 billion in credits to foreign nations during the fiscal year 1957. Already \$1 billion has gone out in loans to foreigners from the Export-Import Bank to which we are contributing 100 percent of its finances, and yet you want to establish a fund here of \$1,500,000,000—the money to be dispensed almost at the discretion of one man. Where are you going? And where are you taking this Nation? No wonder, as I said awhile ago, that the Secretary of the Treasury finds it necessary to refinance some \$24 billion. He is offering \$24 billion of Government securities for refinancing at a top interest rate of 4 percent. Where are we going financially in this country? You tell me.

Mr. VORYS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, it seems to me as we go along perfecting the development loan section, it might be well to take a bird's-eye view of just how we have been doing on this matter of postwar Government loans. You hear them called giveaways. You hear it said that a loan is the same as a grant. For 10 years I have been trying to get this program more in the form of loans and less in the form of grants. This year when we have gotten to such a program, I hate to see us slip up. About 25 percent of our postwar foreign aid has been in the form of loans and that amounts to over \$15 billion. On that we have received principal payments of \$4,311,000,000 and interest of \$1,840,000,000 or a total of \$6,151,000,000 back on these postwar loans. This loan fund is to use the Government-owned corporation form of accounting to the Congress, and it is somewhat in the form of a corporation. The Export-Import Bank has had in 23 years \$8,500,000,000 and it has disbursed \$5,400,000,000 and has been paid back \$2,800,000,000 and has a reserve—a profit, in the Treasury of \$442,000,000. In the past year they have made 163 loans to individuals and private corporations, and only 20 loans to governments and 10 guaranteed loans. Now we do not go over each project in the Export-Import Bank. When we had the HOLC and the FHA, we did not attempt and we do not attempt to review each project. Is that abdication by the Congress? No; that is the way we handle such a loan fund and that is the way this loan fund will be handled.

Mr. DENTON. I want to ask about the loans made by this agency. The figures they gave me are not the Export-Import Bank, but there was \$2 billion loaned and we collected interest \$162 million and only \$14 million principal. Is that the same figure the gentleman had?

Mr. VORYS. These are loans in mutual security legislation, but we have had British loans, India loans, and many other loans that add up, post-war, to \$15 billion today.

I do not yield further at this time.

Here are the reasons why we want to help underdeveloped countries. First, as a part of our economic warfare with communism in the cold war. We want

those countries to develop as free countries—not as Communist satellites. We want to give them that chance. Second, because we need access to the strategic materials without which we cannot live, and we do not want them controlled by the Communists. We also can be paid back, if we make loans payable in their own currency, in strategic materials from these undeveloped countries as they develop.

The third reason is, cold war or not, throughout this world we simply do more business and better business with the more developed countries. If we can loan money and get paid back and help them to develop, then we will do more business than we are doing now. So that I hope we will have this loan fund large enough and that it will last long enough so that it will be an invitation to careful planning, and not cut it down to where it will be an invitation once more to crash programs. We do not want countries feeling that they have got to get in before either the money or the time runs out. The slowness in use of the Asian development fund, where but a trifling amount of the \$100 million has been used, indicates the caution with which the administration will approach the use of loan funds. So, as we proceed to perfect this section and we will have some further amendments to adopt, I thought it might be helpful to make this general statement as to the importance of this fund.

Mr. SMITH of Wisconsin. Mr. Chairman, I have to strike out the last word.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, there are many of us on the Foreign Affairs Committee who have for some time been advocating that this program be put on a loan basis. I think it should be said for the record that the gentleman from Ohio [Mr. VORYS] has led that fight. However, I think that we ought to understand fully that this loan program, as proposed in this bill, is not a loan in the ordinary term as we use that term. This is what is called a soft or easy loan program. I think that we are engaged in "Operation Blunderbuss." We are scattering our shot in 40 or more different directions, with the result that we are not going to hit any of the targets that we aim at.

It seems to me we ought to realize that the program as submitted to us is the brain child of the ICA, as a new look in foreign policy. Let us consider for just a few moments what is proposed. First of all I say that the task here undertaken is of tremendous magnitude. We have no idea as to what is proposed. It is suggested to set up, first, a new international banking organization. We already have three or four international banking organizations, but we are going to put the ICA in the international banking business also. Second, we are asked to authorize a billion-and-a-half-dollar program with no plan. I think they should have submitted to our committee, a plan of operation to justify the request. I certainly hope that the Appropriations Committee looks at this proposition pretty closely.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. Yes; I yield.

Mr. GARY. If you give this loan fund the right to borrow from the Treasury during the fiscal years 1959 and 1960 you will not get a plan during those years. Is not that correct?

Mr. SMITH of Wisconsin. That is right.

Mr. GARY. You will never have the plan for it.

Mr. SMITH of Wisconsin. Unfortunately, that is true and that is the reason, points of order were waived against this bill by the rules committee.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. PASSMAN. Mr. Douglas Dillon, Deputy Under Secretary of State said this:

Question by Mr. PASSMAN. "This type of loan would be made when it has been declined by the Export-Import Bank, by the World Bank, and by private lending institutions. When they decide they want no part of the transaction then this program would consider the loan."

And he answered:

That is correct.

This is not a loan program. This is strictly a coverup for the economic-aid program.

Mr. SMITH of Wisconsin. Now what in the situation? Let us consider that we walk into this banking institution, Mr. Chairman. We have over here the hard money window and then over there we have the soft or easy money window. Where are the boys going to line up for their money? Of course they are going to line up to get the easy money because the terms and conditions under which they must repay the loan can be very very flexible.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. JUDD. Did not the testimony of Mr. Dillon, which was just read by the gentleman from Louisiana, make it clear that they could not make loans under this development fund unless they have been turned down by the other regular lending agencies like the Export-Import Bank and the international banks, in addition to private sources?

Mr. PASSMAN. No. I think that the danger is that the men who are in international finance are worried about the possibility that they will be in competition with these soft loans.

Mr. SMITH. This development loan fund provision should be stricken from the bill.

By unanimous consent the pro forma amendments were withdrawn.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 12, line 18, after the word "authorities", strike out the balance of line 18 and down to and including the word "direct:" in line 24, and insert in lieu thereof:

"(a) In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a manager of the fund to perform such functions with respect to this title as the President may direct. The office of manager of the fund shall be in addition to other offices provided for by law, and the compensation for such office shall be at a rate not in excess of \$19,000 a year.

"(b) The President shall also establish a Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be Chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank, which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the fund."

Mr. GAVIN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. GAVIN to the committee amendment: Strike out all of line 9 after the comma down to and including the word "bank," on line 13, page 13, and insert "consisting of the chairman of the board of directors of the Export-Import Bank, who shall be chairman, the executive director for the United States to the International Bank for Reconstruction and Development and the Director of the International Cooperation Administration."

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. GAVIN. Mr. Chairman, this amendment is a simple amendment and one which no doubt my very distinguished friend, the gentleman from Missouri, the Chairman, and my very distinguished friends on the Republican side will be only too pleased to accept.

The bill reads on page 13, line 9, "consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be Chairman." My amendment reads "consisting of the Chairman of the Board of Directors of the Export-Import Bank, who shall be Chairman."

My amendment deals with who will be the Chairman of this Loan Committee. I am anxious to have a man of wide experience guiding and directing the policies of this development loan fund—a man who has a vast knowledge and training that eminently qualifies him for this assignment. The success or failure of this fund will be dependent on the man who heads up this advisory board.

I want to call to your attention what Mr. John B. Hollister, retiring Director of the International Cooperation Administration, recently said in reply to a question. Mr. Hollister said "that a permanent service should be established for ICA personnel and that all Foreign Service officers should have economic training."

Now I fully realize what the committee would like to do. They would like to have in this development fund a program set up that would be flexible to meet any conditions that may arise relative to these loans—one that would not be as tough as the other branches of Government who are making such loans. Let me call to your attention that we al-

ready have five such agencies in operation: The International Cooperation Administration, The Export-Import Bank, the International Monetary Fund, the International Bank for Reconstruction and Development, and the Board of Governors for the Federal Reserve System. And now the proposed development loan fund.

In connection with these Agencies, I want to call to the attention of the House a recent brochure published by the Export-Import Bank of Washington and a brochure published by the International Bank for Reconstruction and Development. These reports are available on request. Both of these organizations are turning in a fine performance of which they can well be proud.

In Mr. Hollister's recent statement, he expressed a "strong belief" that there should be "one single directing head for all United States economic activities in the foreign field and also that the coordination of the overseas military and economic programs should be still further strengthened—all under the overall policy guidance of the Secretary of State."

Now, that is exactly what my amendment will do. It will strengthen the Advisory Board. This Advisory Board of strong men will give the proper guidance to the proposed fund. You will note that my amendment does not in any way interfere with the State Department because on line 13, page 13, the bill states, "which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the fund."

I am greatly concerned about all of these matters. Certainly commonsense tells us that all of these agencies should be coordinated into one operating unit; however, this section of the bill is at least a step in that direction.

I can see no reason why we should not put the most experienced and qualified men we can secure on this advisory committee; however, others may differ with me, feeling that in the event great care and thoroughness is administered in examining these loans, possibly some would not be granted. Well, if that is the case, I would rather make it a gift, write it off, and forget about it. But if it is a loan, let us not fool ourselves, because some day there is going to be an accounting and we well be criticized for making loans under the guise of loans which were not loans at all, but gifts.

It is evidently questionable how these loans will materialize, because here is what Mr. VORYS said, the gentleman from Ohio, whom I greatly admire and who is one of the most conscientious and hard-working Members that we have in the House. He said, and I quote:

With reference to the manager, he is not going to go around making loans on his own responsibility. As we say in the report, "The loan committee is intended to act in the capacity of a manager of the fund." The manager will be their chief executive officer. But it will be the loan committee, supervised by the National Advisory Committee on International Monetary and Financial Affairs that will be doublechecking all of the

loans. No single man is going to go around making these loans.

That, I might say, is the reason I would like to see the advisory board headed by a well-qualified, experienced man.

My very good and able friend, the gentleman from Minnesota [Mr. Judd], has devoted his efforts to those programs that will bring peace and stability to the world. He, too, is conscientious in his thinking; however, here is what he said and I quote:

I hope everybody understands that the only reason it is necessary to set up this development fund is because we are trying to keep a lot of countries going and in the free world who may not be the best credit risk at the moment.

Now, if that is a fact, why fool ourselves about loans?

Mr. Judd continued:

The bill itself says that if they can, they must get the money they need from private sources; that is, regular sources from which any sound firm borrows money, such as the banks. If they cannot get it there, then they may go, say, to the Export-Import Bank, which will make loans on longer terms or under special circumstances that commercial banks could not. Then they will go, if necessary, to a third source, the International Bank for Reconstruction and Development, which will make a somewhat more difficult or unusual loan, when it believes it is indicated, taking into consideration the whole world situation.

The gentleman from Minnesota continued:

Now, if they cannot get funds from the regular sources or cannot make a direct loan from the Export-Import Bank or from the International Bank, they then come to this development fund. The Loan Committee, which manages the fund, is made up of hard-headed bankers. If in their opinion and our State Department says the loan will promote our foreign policy, and our Government thinks it is advantageous—in short, if the borrowers can actually justify it and demonstrate that they cannot get the loans elsewhere, then the development fund Loan Committee is authorized to make the loan. The development fund can make these unusual loans only when it is decided that the loans are of sufficient importance to our national security and national well being to justify the additional risks.

Now, from those remarks, I would conclude that there is a bit of doubt in the minds of some as to just what kind of loans these are. We already have all of these agencies to make loans, now we are establishing another that possibly will not be so severe in the examination to determine whether or not the loan is economically justified.

In any event, I would like to see a sound, clear-thinking, practical, realistic businessman at the head of this advisory committee to give it the direction and guidance so necessary under the circumstances, because a day of reckoning will come when the American people will want to know why, where, and how this money was loaned.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am sorry to disappoint the gentleman from Pennsylvania. We have discussed this at length, but I do not accept his amendment.

Now, here is the organizational setup that was worked out in a series of committee amendments. First we are going to have a manager of the fund who must be confirmed by the Senate, and he will be in the office of ICA. Then we are going to have a loan committee consisting of the Deputy Under Secretary of State for Economic Affairs as chairman, the Director of ICA, and the chairman of the board of the Export-Import Bank, who shall, under the foreign policy guidance of the Secretary of State, establish basic terms and conditions for the operation and transaction of the fund. Then we are going to have—look over on page 15, lines 13 to 15—the Export-Import Bank administer loans made from the fund as provided by section 505 (b) of this act. Then look on page 16, where we are going to have the National Advisory Council which will function as a coordinating body.

Now, here is who will be on the National Advisory Council referred to on page 16, and you cannot get the hang of this organizational thing until you follow it through: the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, Chairman of the Board of Governors of the Federal Reserve Bank, and the President of the Export-Import Bank.

Now, our idea was to get a manager and to have a loan committee that would broadly represent just the interests that the gentleman from Pennsylvania has referred to, keeping the committee small enough so that it could really function on a day-to-day or week-by-week basis, and then have that committee subject, as it were, to a board of directors of a larger number, that is, coordination by the National Advisory Council.

Now, the gentleman wants to have an experienced man, a man of wide experience, as the chairman. Do you know who is provided as the chairman under the committee amendments? Mr. Doug Dillon of Dillon, Read & Co., whose lifetime has been spent in private banking and financial circles, who certainly knows his business and who knows foreign affairs, having served as our Ambassador to France. Then we are going to have the successor to Johnny Hollister, whoever he may be, as head of ICA. Then we are going to have Sam Waugh, who as president of the Export-Import Bank, has turned in such a distinguished record, an oldtime Nebraska banker until he came here and has been so successful in running this Export-Import Bank.

The gentleman from Pennsylvania [Mr. GAVIN] wants to shift these around and, as I understand, put on the American representative to the International Bank.

Mr. GAVIN. That is correct.

Mr. VORYS. If Gene Black could serve on this body, it would be fine, but being an international officer he cannot do it. The American representative on that bank, however, would not be nearly as effective or as important. As a matter of fact, we have no representative right now. So I can say that we are not going to get anybody to be American representative who would be nearly as

experienced or as wise in this field as Doug Dillon.

This organizational setup has been studied very closely by our committee. It puts real banking business practices into this fund. The balance between departments is preserved. The membership is such that there will be no conflict and there will be the utmost contribution to the stimulation of private industry.

Turn to page 23; I will not have time to read the full description of this loan committee. Read what is says at the bottom of the page:

In deciding whether a proposed loan meets the standards laid down by the act, the loan committee will determine whether either private capital, the Export-Import Bank, the International Bank for Reconstruction and Development, or any other free world source is available and whether the proposed loan will have adverse effect on existing outstanding loans and future operations of such other sources in addition to passing on the requirements for the specific project or activity.

The language was checked with the Executive, so that this says not only what the committee has in mind but what the Executive has in mind in administration of this loan.

Mr. Chairman, I hope the amendment will be defeated.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am not acquainted with Mr. Dillon, but I wonder how much experience he has had in making soft loans. I wonder if that is the way he compiled his fortune, if he has a fortune. I doubt that he has had much experience in handouts in the form of loans.

Let me quote what Assistant Secretary of State Walter S. Robertson said about this loan proposition:

When you talk about loans to some of these countries I do not think we should deceive ourselves. If we make loans to some of these countries we will have to make soft loans, not hard loans.

The facilities are already available for making something approaching hard loans through the various international lending institutions in existence. There is not any question about that. This is the camel's nose under the tent; it is another form of simply dishing out money all over the world, because you are not going to get it back. Of course, you can get something back if you continue by other means to give them money with which to pay it back. That is the only reason why many of these countries have paid anything at all on the loans already made to them, because they are being spoon-fed from another direction but still out of the pockets of American taxpayers.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Briefly.

Mr. GAVIN. The gentleman from Ohio [Mr. VORYS] explained the whole setup, but we are all familiar with that. What I am endeavoring to do is to take

the chairmanship out of the hands of the Deputy Under Secretary of State. That is what I object to, that it is under the Deputy Secretary of State as the chairman. I want somebody else as chairman.

Mr. GROSS. I have heard the gentleman. Now I want to get to something else; how much gold foreign countries have in the United States. According to the committee chairmaned by Senator BYRD of Virginia, they have some \$13 billion out of a total of approximately \$22 billion of gold in this country. Before I could ever possibly vote for any new and alleged loan institution set up for the benefit of foreigners, I want to know how much gold they have that they can lay their hands on that is deposited here in the United States.

In an effort to find out how much gold foreign governments and individuals have in the United States, I wrote to the Secretary of the Treasury on July 15 and got back this letter, which contains the following sentence:

The amounts of gold held under earmark in the United States for particular countries and international institutions are treated by the Federal Reserve banks as confidential data.

Now, you try to find out how much gold foreigners have in this country, some of whom may be in here seeking the uncollectible loans that some of you are going to vote to set up here today or tomorrow. You go ahead and vote for it.

I wonder if the chairman or the acting chairman on the majority side could tell me how much gold foreigners have in this country. Could I get some information on this subject? When the committee went into the business of establishing this alleged loan fund, did it inquire as to how much gold foreigners have in this country?

Mr. CARNAHAN. We do not have the exact figure.

Mr. GROSS. Is it \$2 billion, \$3 billion, or \$13 billion, as the Secretary of the Treasury testified before the Senate committee? What is it?

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes. I would be happy to yield to anybody that can provide a little information.

Mr. FASCELL. I am not sure I can answer the gentleman's quest as to how much gold foreign countries have in the United States, but actually gold is not needed for the repayment of these loans.

Mr. GROSS. No, but if foreigners have \$13 billion in gold in this country they have no business coming to us for uncollectible loans. Does the gentleman agree with that?

Mr. MEADER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am opposed to the substitute offered by the gentleman from Pennsylvania and support the committee amendment.

Many of you will recall that in 1953 we had before us two reorganization plans, Reorganization Plan No. 7, which gave autonomy to the Foreign Operations Administration, which was the predecessor

of the present International Cooperation Administration, and Plan No. 8, which took the Voice of America and the Information Service out of the State Department and gave them autonomy.

I see my friend, the gentleman from Ohio [Mr. Bowl] on the floor. I recall the gentleman from Ohio demanded a rollcall vote, on Reorganization Plan No. 8, and I could only muster 10 votes in support of maintaining the integrity of our information service in line with the administration of our foreign policy by the Department of State.

With respect to Reorganization Plan No. 7, the mistake the administration made in 1953 was in part rectified when the International Cooperation Administration was placed at, if not in, the Department of State. That is a move in the right direction, in my opinion, in unifying our foreign policy and maintaining the supremacy of our Department of State and its foreign diplomatic missions. In speaking for the United States, we should speak with 1 voice and not with 5 or 6.

The committee provision making the Department of State representative the chairman of this loan committee, in my judgment, is one further step in the direction of integrating our foreign policy and not fragmenting it. The amendment offered by the gentleman from Pennsylvania would not only remove the Department of State from representation on this loan committee, but in addition to that would place the American representatives on an international organization on the committee. Instead of integrating the activities of the development loan fund, obviously an important part of our foreign policy, with the remainder of the foreign policy of the United States the gentleman from Pennsylvania would make the chairman of the Export-Import Bank chairman of the fund. This would not emphasize the foreign policy character of this loan activity, but rather the business end of the activity. It would emphasize the purposes and policies administered by the Export-Import Bank for a totally different purpose.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. VORYS. Confession is good for the soul. I was opposed to plan No. 7 and No. 8 but did not record my votes against them at that time, although I argued privately against them in the executive branch. But, I am glad that we are getting away from them, from triplication in the conduct of our foreign affairs. We have to make the State Department a good department and have our foreign operations headed up in there. I agree with the gentleman.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

(Mr. RIEHLMAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RIEHLMAN. Mr. Chairman, I would like to make a brief statement in support of this legislation. Ever since coming to Congress I have consistently supported our mutual security program.

My intention is to continue that support as long as the mutual security program remains one of the major factors in maintaining peace. That this program has been a major factor in the prevention of a world war cannot be questioned. In those few situations where weakness has been indicated, the Communists moved in with force. Where strength has been shown, the Communists have not attacked.

The mutual security program can share much of the responsibility for the growth of strength that is evident among the nations of the free world. This has been accomplished in two ways. First, because of economic assistance given in early years, many countries were helped in stabilizing their positions and were assured of our interest in their survival. Second, it led to a desire among these nations to cooperate in building their own military strength and permitted our Nation to establish strong military bases in these countries, extending our line of defense so as to give us the greatest possible security from enemy attack.

Though recent events in the Kremlin indicate there may be a change in the attitude of the leaders of the Communist conspiracy, we should not make the mistake of believing that all danger has passed. It is agreed that changes have taken place in Moscow, but I do not believe these changes make one dent in the aim of this conspiracy to dominate the world with the godless, tyrannical Communist way of life.

Rather than base our actions completely on Soviet intentions for the future, we must use as a sound criterion the record of the past—the clear, unmistakable record of aggression in Korea, of subversion in the Middle East, of savage, brutal suppression in Hungary, of enslavement in the satellite nations and in the Soviet Union itself. These facts cannot be denied by the Communists, nor should they be overlooked by the forces of freedom. We must face the issues on the record of the past—placing the record of this Nation and the free world side by side with that of the Communist conspiracy. The indictment of the Communists is clear, but unlike a court of law, it is not quite possible to bring the conspirators before the bar of justice. Our alternative, then, is to carry out a program to prevent encroachments of terror and tyranny on the free world. The mutual security program is designed to keep the peace by containing the war monster of Soviet policy within its own borders.

Among the notable achievements of our containment policy are the examples we find in Asia, Africa, and Europe. When Communists war drums were beating loudly on the coast of China the Congress adopted the Formosa resolution, a most effective instrument in quelling aggressive designs of Red China. When the Middle East situation threatened to become an all-out war, this Congress adopted the Middle East resolution. Although the Middle East remains a troubled area, as do other spots, the possibility of war has diminished considerably because of this firm policy. In Europe the threat of invasion has de-

creased because of our strength—strength gained through this program of assistance to our allies.

The mutual security program should not be mistaken as a plan simply to give away American money and resources. Nothing could be further from the truth. The No. 1 goal of the mutual security program continues to be preservation of this Nation. That this self-interest is our goal does not take anything away from the many accomplishments that have been made to assist our friends in formulating a sound defense for the entire free world.

What would happen if we were to adopt a policy of no assistance and the rest of the free world, including South America and North America, aside from this Nation, were to fall within the Soviet bloc? Today we have 75 percent of the world's population on our side. But alone, we would have only 6 percent. Losing our allies to communism would deeply affect our potential of resources upon which we draw. With the free world with us we have 78 percent of steel, but alone we would have only 57 percent. Another example is crude petroleum. Today 90 percent of crude petroleum production and supply exists in the free world. Without our friends, this figure would drop to 52 percent. The list can be continued, and illustrates not only the dependence of the free world allies, including this Nation, on each other, but also the vital necessity of carrying on this program for the preservation of all peaceful nations.

The committee in its thorough discussion has covered the cost of our maintaining troops on foreign soil in comparison with the maintenance of foreign troops in their own countries. This is an important point to be considered because of its economic impact on this Nation's role in strengthening the free world. Incredible savings accrue through the mutual security plan wherein we utilize the forces of our allies. To maintain one American soldier in a foreign land costs approximately \$6,600, while in Italy, for example, it costs a little over \$800 to provide for an Italian soldier in his own land. I do not intend to go into detail on these items, for the committee report outlines the savings and value in an excellent presentation, but I do want to mention a few points.

No one should minimize the efforts this country has made in the development of the free world's strength. Nor should we lose sight of the contributions our allies have made. The part our friends have played is not insignificant by any means.

For example, our expenditures for military assistance to European NATO countries from 1950 through 1956 totaled \$12.3 billion. While we were contributing \$12.3 billion our NATO allies spent \$78 billion for defense during those 6 years. Non-NATO allies spent \$15 billion during this same period while our contributions amounted to \$5.1 billion. For every dollar we have spent for military assistance to our allies, they have contributed \$.55. Mutual security implies cooperation, and the above figures certainly indicate that our allies have

been doing their part in maintenance of military strength to deter aggression.

Results of these expenditures, both by our Nation and our allies, should be cited. Since 1950 the free world's strength has grown tremendously. We have 37 percent more men in the ground forces of our allies, 139 percent more combat vessels in their navies, and 22 times as many jet aircraft as in 1950. These are concrete examples of the success of this program. But the best example of success can be found behind the Iron Curtain. Communist armies are not poised to march on the free world because the Kremlin knows such a step would be fatal. They know of the strength in the West. But should there be weakness, those armies would not hesitate to strike.

In considering the mutual-security program we must never lose sight of the fact that our strong allied nations are our first line of defense. I hesitate to think of what could happen if we did not have these friends, strongly armed, in a position to offer vital contributions at all times.

The impression should not be left that our mutual-security program is perfect. Advocates of this program do not overlook that mistakes have been made and very possibly mistakes may be made in the future. There is no doubt certain programs instituted have been wasteful and possibly unnecessary. This was forcefully brought to the attention of the Congress by the International Operations Subcommittee of the Government Operations Committee. No doubt many corrections have been made in an endeavor to eliminate a recurrence of these bad and ill-advised expenditures. The report issued by the full committee, of which I am a member, cannot help but be of great service to the administration if carefully studied and recommendations are followed. But the conclusion should not be drawn that waste and inefficiency mark the entire mutual-security program. This is not true, and if it were true, it certainly would be a serious reflection on the ingenuity and capabilities of the American people. That waste and inefficiency do occur does not mean we should curtail the entire program. We should continue to scrutinize these programs, as in the past, to correct deficiencies as they exist, but we must keep the program in proper perspective and not attempt to eliminate it because we find unsatisfactory performance in certain portions.

My record has shown that I am not one who would support this type of legislation consistently if I did not have the conviction that it was money well spent for the future safety and security of our allies and our own Nation. It is imperative that we continue the mutual-security program. Without such a program, the preservation of our Nation may well be at stake.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I merely want to say that this side of the committee is also against the amendment as proposed by the gentleman from Pennsylvania, interesting as it is or as highly as we may

esteem the Chairman of the Export-Import Bank. But we think that even the Chairman himself would not accept this as a proper role for one in his position. In testifying before our committee, and this is in the hearings of the committee at page 324, Mr. Waugh made it perfectly clear that the purpose of the Export-Import Bank was, although it was helpful to our foreign policy, to increase trade relationships with other countries and not to advance as a whole the foreign-aid program as such. This is part of foreign policy, Mr. Chairman. The committee has worked out very carefully, as the gentleman from Ohio has said, a mechanism whereby foreign policy will be under the superintendence of the Department of State, which is where it should be.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. GAVIN. Certainly this does not affect the Department of State because it states in this section:

The Export-Import Bank, which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the fund.

All my amendment does is to name who shall be the Chairman of the Advisory Board. Under the bill it would be a Deputy Secretary of State for Economic Affairs. He will be the Chairman. My amendment directs that the Director of the Export-Import Bank be named Chairman of the Advisory Board. I want a chairman who is amply qualified and who has the experience and a vast knowledge of loans to head up the board. That is what my amendment does. The Department of State will still participate. It will be under the overall supervision of the Secretary of State. So my amendment simply is to name a chairman of the Board.

Mr. COFFIN. I appreciate what the gentleman says. I think the committee feels it is a question of the point of view. We feel the emphasis should be on the direction of policy by the Department of State although the Chairman of the Export-Import Bank should certainly have a proper say, which we feel he does have under the existing setup. For that reason, Mr. Chairman, we hope the amendment will be defeated.

Mr. CARNAHAN. Mr. Chairman, I wonder if we cannot come to some agreement on time. I ask unanimous consent that all debate on the amendment offered by the gentleman from Pennsylvania [Mr. GAVIN], do now close.

The CHAIRMAN. Is there objection?

Mr. FULTON. Mr. Chairman, reserving the right to object, I would like 3 minutes.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on the Gavin amendment close in 3 minutes.

Mr. HAYS of Ohio. Mr. Chairman, I move that all debate on the Gavin amendment do now close.

The CHAIRMAN. The question is on the motion offered by the gentleman from Ohio [Mr. HAYS].

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. GAVIN], to the committee amendment.

The question was taken; and on a division (demanded by Mr. GAVIN), there were—ayes 22, noes 63.

So the amendment to the committee amendment was rejected.

Mr. MARTIN. Mr. Chairman, I move to strike out the last word. I do this for the purpose of asking the majority leader for the program for the balance of the week and next week, if he can tell us.

Mr. McCORMACK. The balance of the week will be consideration of the bill now before the House. If the House should dispose of the bill today, there will be no legislative business tomorrow.

Mr. HALE. No session tomorrow?

Mr. McCORMACK. I said there would be no legislative business. The Members may protect themselves on that. The only question I have is to find out later on the question of the 7 legislative days in connection with the discharge petition. Next Monday is discharge petition day on the postal pay increase bill. If 7 legislative days have expired, there is no question, and we will go over until Monday. If not, we will have a session tomorrow, with no legislation.

Monday there will be the Discharge Calendar, H. R. 2474, the postal service salary increase bill.

Monday is also District Day, with one bill on the calendar, H. R. 6763, regarding a bridge or tunnel crossing the Potomac River.

The postal pay increase bill, of course, has a preferential status.

Tuesday, Wednesday, Thursday, Friday, and Saturday: The next order of business after the postal salary increase bill is H. R. 1, the school construction bill.

H. R. 7697 authorizing armory construction, reported out of the Committee on the armed services; and thereafter.

H. R. 3753 dealing with homesteaders and desert land entrymen, coming out of the Committee on Agriculture, a bill that has been on the program for 3 or 4 weeks.

As usual, any change of program will be announced, and conference reports will be in order at any time.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield.

Mr. McCORMACK. I hope the gentleman is not going to ask a question about Monday. Will the gentleman withhold it?

Mr. O'HARA of Illinois. It is about Monday in connection with the Illinois funeral delegation.

Mr. McCORMACK. The gentleman from Massachusetts would prefer that the question not be asked at the present time; but I can assure the gentleman and the other Members from Illinois attending the funeral that every consideration will be given to their problem.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I yield.

Mr. HAYS of Arkansas. There may have been some misunderstanding in connection with the pending bill. If the bill is not finished today its consideration will be continued tomorrow, will it not?

Mr. McCORMACK. Yes.

Mr. HARDY. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY as an amendment to the committee amendment: On page 13, line 2, after the word "fund" insert a period and strike out the remainder of the sentence ending in line 4.

(Mr. HARDY asked and was given permission to revise and extend his remarks, and also the remarks he made earlier in the day.)

Mr. HARDY. Mr. Chairman, I shall not take 5 minutes. This is a very simple amendment. I can state its purpose very quickly.

There was some question in the minds of some that the language which I propose to strike out if allowed to remain in the bill might actually give the President almost complete discretionary authority over the fund. It seems to me there is no necessity for the language at all. It serves no purpose and it should come out.

The manager of the fund is within the International Cooperation Administration. The International Cooperation Administration is within the State Department. The Secretary of State and the Director of ICA both will have jurisdiction over the manager of the fund. I can see no earthly reason, Mr. Chairman, for providing that the President shall directly instruct the manager with respect to his functions under this title.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I shall be happy to yield.

Mr. VORYS. Those words were suggested to me by others, although this is my amendment. I have no objection to the words because I felt the intention was merely to make it clear that the foreign policy of the Nation would be under the direction of the President; but it seems to me that if the words could be interpreted to break up the management plan we have worked out so carefully, they should come out.

Mr. HARDY. It seems to me they would.

Mr. CARNAHAN. Mr. Chairman, we on this side of the committee have no objection to the deletion of the words.

Mr. HARDY. I thank the gentleman very much.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 14, line 7, strike out "such officer or agency" and insert "the manager of the fund."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 15 line 2, strike out "such officer or agency" and insert "the manager of the fund."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 15, line 3, strike out "such officer or agency" and insert "the manager of the fund."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 15, line 6 strike out "such officer or agency" and insert "the manager of the fund."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 15, line 10, after "title," strike out the balance of the line and lines 11, 12, and 13 and insert the following: "The Export-Import Bank shall administer loans made from the fund, as provided in section 505 (b) of this act."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 15, line 16, strike out lines 16 to 25, inclusive, and on page 16, lines 1 to 22, inclusive, and insert the following: "Sec. 206. National Advisory Council.—The fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U. S. C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems."

Mr. O'HARA of Illinois. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Illinois, to the committee amendment. In lieu of the matter proposed to be inserted by the committee amendment beginning on page 16, line 23, insert the following:

"Sec. 206. National Advisory Council: The fund shall be administered subject to the exercise by the National Advisory Council on International Monetary and Financial Problems, with the Secretary of Agriculture and the Secretary of Labor acting as members of its functions under the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U. S. C. 286 b)."

Mr. O'HARA of Illinois. Mr. Chairman, this is a simple amendment. The National Advisory Council as set up in the committee amendment consists of the Secretary of the Treasury, the Sec-

retary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System and the president of the Export-Import Bank. My amendment would add to the membership of that Advisory Council the Secretary of Agriculture and the Secretary of Labor.

I hope there will be no objection on the part of any Member. It is merely broadening the scope of the Advisory Committee to give representation to agriculture and to labor which certainly have a great stake in our development of neglected areas and in the program generally. The addition of such representation would strengthen very much the Advisory Committee and in no measure can I conceive of any objection.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. O'HARA].

Mr. Chairman, this National Advisory Council on International Monetary and Financial Problems originated in the Bretton Woods legislation in 1946. It has functioned throughout the years and has been kept small enough to have only those officials who deal either with foreign policy or with banking and lending matters.

The Secretary of Agriculture and the Secretary of Labor simply do not have anything to do with those matters. What they will do if this amendment is adopted would be to take on a new function they have never had. They would hire somebody to be their deputy to function on this committee, and you would start doing the things that our committee felt the other body had done when they set up their advisory committee. You would get it so big and so cumbersome they would not furnish very much good advice.

I hope that this National Advisory Council will be preserved as it has carried on through the years successfully in coordinating the foreign financial activities of our country, in international organizations, through the Export-Import Bank and otherwise.

It has functioned throughout the years in connection with mutual security legislation, and you simply do not contribute anything when you bring in these officers who have nothing to do with it and put them in a function with which they should have no connection.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman has already been heard on the pending amendment.

Mr. O'HARA of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'HARA of Illinois. How does a Member of this body proceed when he wishes to answer someone who refuses to yield to him? Is there a parliamentary remedy for such an ailment?

The CHAIRMAN. If the gentleman can get recognition on a pro forma amendment, he will be recognized.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. O'HARA] to the committee amendment.

The question was taken; and on a division (demanded by Mr. O'HARA of Illinois) there were—ayes 27, noes 62.

So the amendment to the committee amendment was rejected.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in my department in this Chamber, as I trust elsewhere, I have sought to be courteous and considerate with my colleagues and all others. I expect the same courtesy and consideration in return, and my associations here have been enriched by the generous graciousness of my colleagues on both sides of the aisle. I was surprised and somewhat disillusioned when the ranking minority member of the committee of which I am a member, when opposing an amendment offered by me and which I think, on its merits, he should not have opposed, did not extend me the courtesy of yielding for a question. I had the strong suspicion that he was governed by a sense of prudent caution and only by inadvertence was discourteous to a colleague on the committee. I have supported in the committee the proposed development-loan fund, because I thought, with proper management, and with the cooperation of all our peoples, including the farmers and the laborers, the program would work. How I envisioned the program working on a sound basis and to the benefit of our own economy and to that of the countries where the loans were made I sketched at some length in my remarks in general debate. Now that the gentleman has used the steam roller to crush the farmers and the workers out of the picture, I begin to wonder if he and I are thinking of the same thing. What is it that he fears from giving labor and agriculture representation on a committee that is purely advisory and on which the management of industry is represented, as indeed it should be? This is the first time that I have known that the Secretary of Agriculture and the Secretary of Labor were not, as a matter of good teamwork, included with the Secretary of Commerce in an undertaking of this scope in the national interest and in an experimental field.

I am sure my good friend and colleague on the committee would not find it in his heart to be discourteous to anyone. I presume it gets down to this: When there is a job difficult to carry through if you yield for embarrassing questions, better use a steam roller.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I am happy to yield to a highly respected member of the committee.

Mr. MORANO. Mr. Chairman, I want to say to the distinguished gentleman

from Illinois that I thought his amendment was a good one and I supported it. I also want to say that I sought to get recognition in order to yield to the gentleman, so that he could make his argument in support of his amendment, after his time had expired.

Mr. O'HARA of Illinois. I have had this experience with a steam roller; and I am unhappy over it because it raises a question of a program to which I was an enthusiastic convert. I would have thought the gentleman from Ohio [Mr. VORYS] would have welcomed the cooperation of agriculture and labor; and, if there were valid reasons why the farmers and the workers could not be let in as partners with management, industry, and the bankers, he gladly would have yielded for questioning in order that there might be a full discussion pro and con.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I gladly yield to the gentleman from Pennsylvania, despite the circumstance that the gentleman from Ohio on his side of the aisle failed to extend a similar courtesy to me.

Mr. FULTON. I thank the gentleman for his courtesy. I do want to point out that as I sat here I saw something which the gentleman may not have seen. I saw the gentleman from Ohio rise twice to his feet as if he were going to yield to the gentleman from Illinois and the last time, when he tried, it did not seem opportune; the Chair had already ruled. I did want the gentleman, in spite of his anger at this time, to know that the gentleman from Ohio stood up in order to yield. I saw him myself. While we do have disagreements among ourselves in the committee and perhaps some of us feel we are imposed on—I may have felt that previously—we should not lose our basic friendship. I do feel the gentleman from Ohio, the senior member of the committee, has yielded many times to the gentleman and to me at the committee level.

Mr. O'HARA of Illinois. I know that my dear friend from Pennsylvania is a reasoning man and will agree with me that, whatever the reason, when full and open debate is shut off doubt will creep in. In committee, as the gentleman knows, I voted for the 3-year program. I believe in it because I had faith not only in the plan but in its proponents. Now I am forced to vote for the Selden amendment, which will give us a trial run for a year. I trust that during this year of trial the American people, as well as the Congress, will be kept informed of progress, with an absence of the secrecy that is too apt to cause suspicion and to waste the money of taxpayers. With agriculture and labor, which cover the activities of a large portion of our population, left on the outside, it is pretty much of a closed corporation. I cannot get myself to believe that our country's best work in noble undertakings is done in secret chambers.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. O'HARA] has expired.

Mr. GROSS. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Chairman, I take this time to ask the gentleman from Missouri [Mr. CARNAHAN] if we are continuing to finance the Office of European Economic Cooperation and the European Productivity Agency and, if so, how much are we giving to those two organizations?

May I say while I am waiting for the gentleman to get that information that one of the appalling weaknesses of this bill is that almost none of these items are set out, nothing is specified. There is no way you can get at where these funds are going. They are in lump-sum appropriations.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. VORYS. As I recall, we had something in the bill 3 or 4 years ago about that. There was something for headquarters expenses. As far as my recollection goes, we have nothing in the bill for the Office of European Economic Cooperation this year.

Mr. GROSS. The Senate held hearings on these two agencies; I mean, they were included in the hearings, let me put it that way. I do not know what went into the Senate bill because, I say again, we are dealing with lump-sum appropriations, and no one can tell from the bill you have brought to us the projects for specific authorizations.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. MASON. In answer to the gentleman's question, I do not think it is in there. The statement coming from the leaders of this bill certainly is not a sufficient answer to give us any information.

Mr. FULTON. Mr. Chairman, if the gentleman will yield, I will give him the information.

Mr. GROSS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. This is the fiscal year 1958 program.

This program was funded in previous years under defense support. However, it is now proposed to fund this program, as well as the entire European regional program—science and engineering planning—under other programs (special assistance), in accordance with the current realignment of aid categories. The European technical exchange program will be carried on substantially as in the past, including grants to the Office of European Economic Cooperation—European Productivity Agency.

It is in this bill for 1958. That represents a reduction from fiscal 1957.

Mr. GROSS. What is that under?

Mr. FULTON. It is under the European technical exchange program, under title IV.

Mr. GROSS. All right; then I can offer an amendment to it.

Mr. FULTON. The amount is classified. I cannot give the gentleman the amount.

Mr. GROSS. I do not care about the classified information.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. SELDEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SELDEN: On page 10, line 4, strike out all language after the period through page 11, line 2.

On page 11, line 13, strike out all language after the period through line 20.

On page 12, line 1, strike out the words "or loaned."

On page 12, line 4, strike out the comma and insert a period. Strike out all language following through line 6.

Mr. SELDEN. Mr. Chairman, the amendment under consideration retains the 1958 development loan authorization fund of \$500 million but it eliminates the borrowing authority of \$500 million for each of fiscal years 1959 and 1960.

This amendment will not abolish the proposed development loan fund. It allows the fund to be set up under the machinery provided for in the bill, and it provides the full amount requested by the administration for the first year of the loan fund's operation. It does, however, eliminate two of the main objections to this proposed new fund; namely, first, the overcapitalization of that fund; and, second, the surrender of congressional authority over it.

During the consideration of the mutual security bill by the Committee on Foreign Affairs, this amendment was offered. It was thoroughly considered by the committee and then adopted. The committee adjourned over the weekend and on the following Monday the amendment was reconsidered and the necessary votes were available to defeat it. I make that observation in order to show that the amendment has had thorough committee consideration.

In his testimony before the Committee on Foreign Affairs, Deputy Under Secretary of State Douglas Dillon pointed out that approximately \$400 million was expended during fiscal year 1957 under the old program of development assistance. Of that amount, approximately \$275 million was in loans and the remainder was in grants. It would, therefore, be reasonable to assume that based on previous experience \$500 million would not only be sufficient to adequately operate the development loan fund during fiscal year 1958, but that a portion of this amount, which has no fiscal year limitation, would be available for use during fiscal year 1959.

The Committee on Foreign Affairs was unable to determine even the basis upon which the authorization requests for fiscal years 1959 and 1960 were made, as the classified paper submitted by the Executive was lacking in specifics. The "evidence" offered to the committee could be used to support an argument for \$300 million, \$500 million or even a bil-

lion dollars, which indicates that the Executive itself is uncertain at the present time insofar as the amounts necessary for future years are concerned.

If the amendment before you is adopted, both the Congress and the Executive will be able to make a more intelligent appraisal of the fund's operation during the 1-year trial period. They will then be able to determine more accurately what its capital requirements should be. Any decision at this time on the capital requirements for fiscal year 1959 and fiscal year 1960 is simply a stab in the dark.

Mr. Chairman, the amendment now under consideration will give the proposed development loan fund a trial period of 1 year, as well as the entire amount the administration has requested to initiate the program. But at the same time, this amendment will make it possible for the appropriate congressional committees and the Congress itself to again review the Development Loan fund before fiscal year 1960. Should the amendment fail to be adopted, however, the House of Representatives will, in effect, have today both authorized and appropriated funds for this new program for a period of 3 years. I therefore urge the amendment's adoption.

Mr. MERROW. Mr. Chairman, I rise in opposition to the amendment.

(Mr. MERROW asked and was given permission to revise and extend his remarks.)

Mr. MERROW. Mr. Chairman, the development loan fund is, in my opinion, one of the most important, if not the most important part of the legislation which we are now considering. And the provisions of the bill, in reference to it, provide for a long-range assistance program. I think it is well to call the attention of the Committee to what the report had to say on page 21 in reference to this matter. I will read a part of this statement:

If it is important for the United States to promote the growth of less-developed countries, it is essential that we seek to do this in a sound businesslike way, which will insure a full value for each dollar expended.

During the last year, intensive studies of the mutual-security program have been carried out for the Congress, for the executive branch, and by outstanding private groups. The studies have concluded, almost without exception, that present annual appropriation procedures are not the most effective and businesslike way of providing development financing.

During its hearings last fall, the Foreign Affairs Committee heard a number of witnesses testify that annual appropriation processes do not encourage the receiving countries to use our aid for the long-term projects that are really needed. Lacking any assurance of continuity, these countries use our aid instead for short-term purposes, which are often wasteful. Nor can the United States itself plan ahead for the most effective use of the resources which it provides as assistance, if the amount of those resources cannot be predicted from year to year.

"The heart of the problem," as then Chairman Richards observed in his report to the committee, "is the annual authorization-appropriation cycle." To break away from this cycle, his report suggested that sufficient money should be made available for development financing to cover more than 1 year's operations.

Virtually every report dealing with this problem submitted to the Senate special committee which was studying foreign aid reached the same conclusion.

So did the studies that were made for the executive branch by the International Development Advisory Board, headed by Mr. Eric Johnston, and by the President's Citizen Advisers on Mutual Security, headed by Mr. Benjamin Fairless.

Private groups reached the identical conclusion. Subcommittees of the Committee for Economic Development and of the National Planning Association, which studied this problem under the chairmanship of leading businessmen, concluded that the uncertainties and delays attendant on the annual appropriation process have made it virtually impossible for either the administering United States agency or the recipient country to plan intelligently ahead, to program the most economical use of their resources over time, or to employ efficiently the limited number of technically trained people available. Both these reports suggested future borrowing authority for a development fund as one way to meet the problem.

Borrowing authority is the method that has been used to capitalize almost all Government lending agencies—the Export-Import Bank, the World Bank, the Reconstruction Finance Corporation, the farm credit agencies, and so on.

When each of these agencies was set up, many people thought of them as high-risk operations—because they were designed to make loans that nobody else would make. But their loans contributed to increased production, and this enabled them eventually to be repaid.

It is believed that this will also be true of the Development Loan Fund. It will be repaid partly in local currencies, but those currencies can increasingly be used to acquire resources of value to the United States as the borrowing countries' development goes forward.

It is important that the Fund not only have future borrowing authority but also that its funds be available for obligation without time limit. Present obligational deadlines create pressures for hasty and wasteful uses of our resources. The Fund must be freed from these deadlines if it is to have the time needed to carry out both sound studies and complex negotiations looking to the most efficient use of its financing.

We are all familiar with the reports of the various studies. Practically every study and every witness who has had anything to say about the development program proposes a long-range aid program. As a matter of fact, as Chairman RICHARDS stated in his report to the committee, "the heart of the problem is the annual authorization appropriation cycle."

Mr. Richards was chairman of the Foreign Affairs Committee during several Congresses. He suggested as we point out in the report that money should be made available for development financing to cover more than 1 year's operation.

Now, it is the consensus of opinion of practically all of those who appeared before the committee and those who have made studies of this matter that we should get away from the 1-year cycle, it would seem the thing to do is to make the appropriation for this year and then authorize the Department to make loans for 2 more years.

I may say further that the subcommittee of the Foreign Affairs Committee

on International Organizations and Movements, in its hearings throughout the country on mutual security, found that the people who appeared before the committee were about 80 percent in favor of a long-range foreign-aid program. In other words, this program ought to be set up to cover a period of years so that planning could take place, and thus a country would know what to expect. By so doing a great deal of money would be saved and the program of development in the underdeveloped countries would be on a more business-like and sound basis.

I hope the development loan part of the program is retained in this measure, and that the amendment just offered is rejected.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman from Connecticut.

Mr. MORANO. I want to compliment the gentleman on the statement he is making, about the many people around the country where your committee held hearings, supporting this long-range program. If I may, I will read from a telegram from the AFL-CIO:

We urge at least the amounts recommended by the President, and support most strongly particularly the 3-year authorization for the development loan fund.

This wire to me was signed by Andrew J. Biemiller, director, department of legislation, AFL-CIO, and a former colleague.

So that the two strong labor organizations, now merged, favor a long-range fund.

Mr. MERROW. I thank the gentleman. I do not know where the opposition to the development loan fund exists. Certainly it does not exist throughout the country, according to the testimony we have received.

Mr. HAYS of Ohio. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I support the Selden amendment. This does not mean that I am against the idea of loans versus grants; on the contrary, it means I am for it but I support the Selden amendment because I cannot see the wisdom of Congress giving a \$2 billion sum of money spread over a period of 3 years without any chance to review it; and if the language of the Senate bill had stood that is exactly what we proposed to do.

Let us look at one of these secret documents they sent up, and this would show how very well they could justify this. They sent to the committee when we asked them what they were going to do with this thing, a document showing that over the whole world they had now applications for \$204 million in loans. They had planned previously about \$100 million more, between \$99 million and \$108 million more, and they had a potential of \$500 million, potential meaning anything anybody could think up, or a total of \$902 million to \$1,017 million. In other words, they could not even justify in their fondest hopes and expectations \$2 billion. The best they could do was to point out that they hoped they could get applications for \$1 billion worth of these loans.

What do we propose to do if the Selden amendment is adopted? We propose to give them half a billion dollars. We propose to put a no-end on it so that any left over could be used next year. We further propose that it will be a revolving fund. If anybody pays any of the debts back, the repayment will go into the revolving fund available for further use. And again at the end of the year it is to be a continuing fund. The nations are on notice that this is a continuing fund.

But under this we can call them in and ask: "What have you done this year?" If what they have done is good, if the committee approves it, the House approves it, and the other body approves it, we will give them some more next year when it will again be a revolving fund, a continuing fund.

I say to you that it is commonsense to require them to come to us at yearly intervals to show what they are doing, what loans have been made, what has been repaid, how it is working, and give them any subsequent money they might need. It will continue to be a revolving fund.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. MORANO. I am glad to hear the gentleman's statements about this fund. It indicates that he believes some good can come of it.

Mr. HAYS of Ohio. Oh, yes.

Mr. MORANO. What I would like to ask the gentleman is this: Assuming that this so-called Selden amendment is adopted and it goes to conference will the gentleman vigorously support the results of what emerges from the conference?

Mr. HAYS of Ohio. The gentleman will state that he will support what emerges from the conference if it is either the House version or a compromise. But if the conferees, the senior members of which are all for the Senate version, surrender to the Senate, the gentleman cannot support it. But if it is a compromise he will vigorously support it.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I shall be glad to.

Mr. VORYS. Will the gentleman be willing to reveal to the House the period of time of one amendment which he sponsored in the committee and which I also favored? I do not want to embarrass the gentleman.

Mr. HAYS of Ohio. You will not embarrass me at all. I voted for the Selden amendment in committee. It prevailed. It was later reconsidered and defeated. I then offered a 2-year proposal. The gentleman does not embarrass me. In other words, the Selden amendment got licked, so I then tried to get half a loaf.

Mr. VORYS. So if this eventually turned out to be a 2-year amendment the gentleman would not feel heart-broken?

Mr. HAYS of Ohio. The gentleman would feel that it was better than the bill as it now stands.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. FARBSTEIN. If at the end of the year it were determined that the money had not been properly loaned and that something else should be done, how could we possibly overcome that situation at the end of the year if the 3-year loan provision passes?

Mr. HAYS of Ohio. We just could not do it, and that is the reason I would like to have a little check and balance. All I want is a chance for Congress to have another look at it. That is the reason I support the Selden amendment.

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have expressed myself in general debate and also a few minutes ago as to how I feel about this loan fund and its great possibilities. I also have to be practical and realize a parliamentary situation when I run into one.

I am not going to oppose the Selden amendment; I am going to vote for it as being, in my judgment, the best that can be done under the present situation to launch the development loan program. Confidentially, I have my pocket full of perfecting amendments to polish up and to further perfect the loan fund, amendments which I think would answer the objections of those who say that if the fund were extended for 3 years at this time it could not be annually reviewed by the Congress and through its Appropriations Committees. But since the amendments I would have offered would have permitted annual review by the Congress, I feel that in accepting the Selden amendment I am not stultifying myself, because, under his amendment, Congress will review this next year. I think we are doing the best we can at this time.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from New York.

Mrs. KELLY of New York. I would like to ask the gentleman from Ohio this question: Is he inferring that if he is a conferee he would agree to a 2-year program as a compromise? I will say if he does, I would be inclined to vote for the Filcher amendment. When this bill comes back to the House I hope that the Selden amendment is intact. I will not agree to a compromise for 2 years.

Mr. VORYS. I do not know whether I am going to be a conferee.

Mrs. KELLY of New York. It is quite likely.

Mr. VORYS. And I would not attempt to say what I am going to do as a conferee. The conferees go in and they are there to present the position of the House.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. The gentleman is getting a little bit finicky on the subject of propriety, it seems to me, because he was definitely trying to put me on the spot by asking me what I would do if he came back with a 2-year bill. I did not object, but I think it is well to observe what the gentleman intends to

do if he is a conferee. It would be better for all concerned if he flatly said so.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to our distinguished Speaker.

Mr. RAYBURN. The gentleman from Ohio, I am sure, does not intend to create the impression in the mind of anyone in the House that if the Selden amendment is adopted by the committee and then by the House that he as a conferee would not obey the House and stand by that amendment as long as possible?

Mr. VORYS. I just said I would feel, if I were a conferee, that my duty is to uphold the view of the House as long as I could.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Indiana.

Mr. HALLECK. I have not spoken on this phase of the pending bill. I would like to say here and now that I think the committee in its work did a good job. They have made certain reductions. This arrangement for the loan fund is a good one, it is in the right direction, but I also agree that there are many here who are fearful about starting out on a 3-year program without some prior experience, probably in sufficient number to defeat it. So far as I am concerned, I believe this is a good approach. I am going to support the Selden amendment because I believe that is the best we can get. I am sure any of our conferees will go to the conference under the mandate of the action of the House and whatever comes out will be certainly a meeting of the minds of the conferees; but no one can commit himself as to what he would do at this time except, as the gentleman already said, he would go there with this action of the House in mind.

Mr. VORYS. What I meant to say, if I did not make it clear before, was that since I feel that the committee bill would permit the Congress to review the fund next year and the year after, and since I have in my pocket amendments that would clarify the bill in that regard, and since the Selden amendment will permit the Congress to review the loan program next year, I feel that I am not stultifying myself in this position in voting for the Selden amendment.

Mr. FASCELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as one member of the committee who supported the Selden amendment in committee and who supports it now, I want to make it clear, at least for myself, that I do not favor any possibility of a 2-year compromise. I want to state definitely and clearly why I believe the Selden amendment is the best approach to a development loan fund which provides that we shall make an authorization without fiscal year limitation for the year 1958, and shall not make any authorization for the years 1959 and 1960 which would not be by way of appropriation but would be by way of public debt transaction. For that reason if for no other reason would I support a 2- or a 3-year program. If we are going to have a revolving de-

velopment fund over a period of time, then let us face up the issue squarely in Congress and provide for the authorization of appropriations. Let us not make a public debt transaction which would encumber us for \$1 billion plus the payment of interest on that amount.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Virginia.

Mr. GARY. Is it not a fact that the most vicious part about this present bill is that it authorizes the development loan fund to borrow from the Treasury for the years 1959 and 1960 so that funds borrowed during those years would not be a part of the budget; the administration would not have to come before the Congress for an appropriation; the Congress would have absolutely no control over the operation of the fund, and loans could be made to any foreign power, combine, or even an individual without anyone's control? It is a most vicious provision.

Mr. FASCELL. The gentleman is absolutely correct, and that is the major basis for my objection to the provision.

Now I want to cover the subject further. Under title II of the present law I would remind you, Mr. Chairman, that we now have a development assistance program. Under this program 80 percent of such assistance shall be available on terms of repayment. When the Deputy Under Secretary of State for Economic Affairs, Mr. Dillon, was before the Committee on Foreign Affairs, I asked him the question, which is certainly very logical: If you have a program now by which you can make loans under the present law, and the law provides that 80 percent of the money under this title must be in the form of loans, why do you need this program; that is, the proposed program?

Here is his answer on page 1319 of the hearings, to my question:

Mr. FASCELL. Under the present law, administratively you could establish whatever priority you desire.

Mr. DILLON. Do you mean between types of loans?

Mr. FASCELL. Or projects or countries.

Mr. DILLON. That is correct; we can establish any priorities.

Mr. FASCELL. Then the two major objectives of this new program are (1) removing the fiscal year limitation and (2) getting a larger amount of money to work with.

Mr. DILLON. And giving a feeling that those are the two major things and the other is giving a feeling of continuity. We feel that by eliminating the fiscal year requirement we accomplish something that is most important; we get away totally from this business of advance allocations by countries. That has proved, I think, to be a very unsound and unsatisfactory method. I think all the studies that have been made of this general subject agree that that is something that if we want to be businesslike, we have to get away from. The old approach makes us subject to political pressures, and we think this new approach will help end that.

I say that is an insufficient reason to authorize \$1 billion of public debt transaction. I do say, however, that if there is a feeling on the part of good management that we need a revolving fund running over a period of years, then we

ought to handle it as we do the present authorization and appropriation for the fiscal year 1958.

Mr. Chairman, there is one other point. We want to make it very clear—and in the testimony of the Under Secretary on the next two pages we find this—that these loans can be and in all probability will be paid in local currencies that do not have to be converted into dollars. So I asked the question, "What are we going to do with them, or what can we do with them?" And the answer was that they can be reloaned or made re-available to the country which made the repayment or we could sell a buildup of credits of local currencies in those countries to another agency of the United States Government for dollars, which means that the United States would have to take a loss in dollars on the conversion.

The point that I am making is this. We have to face the facts squarely. It is very unlikely, as the Secretary states in his testimony, that 25, 35 or 50 years from now we would have any repayments in hard dollars.

The CHAIRMAN. The time of the gentleman from Florida [Mr. FASCELL] has expired.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. PASSMAN. Mr. Chairman, I object. I have been trying to get recognition on this amendment for some time.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

THE ECONOMY DRIVE HAS WILTED

Mr. HOFFMAN. Mr. Chairman, we all know how the economy drive, coming with the President's budget, followed by a realization that income-tax day was due, blossomed and flourished. We are all aware, too, that it soon wilted—and apparently is now dead.

This, even though the President has repeatedly told us that if increases in wages, salaries, and prices continued, ruinous inflation would be the ultimate result. Apparently, at the President's suggestion, the Director of the Budget told the executive departments to, on every occasion, reduce their expenditures as drastically as was possible.

Knowing as we do that wages, salaries, the cost of living are steadily going higher—that the committees of the Congress are reporting proposed legislation increasing the compensation of Federal employees by millions of dollars, that the Congress is, day by day, enacting new legislation calling for the creation of new

agencies, new Federal employees, costing additional millions, some not on the scene have wondered why the lessening in the inflation drive, why members of the Congress, yes, and even the President himself, continue to vote for Federal expenditures.

Someone not long ago, suggested that increasing the incomes of individuals would tend toward disastrous inflation, but that spending by the Federal Government would not have that effect. An absurdity. One wondering as to why the pressure for economy has in some slight degree lessened, may know that it is in part due to the lobbying activities of those who hold Federal jobs, of the individuals and corporations which are making fat profits. But comparatively few realize that the administration and its executive departments are engaged in lobbying activities which have stymied the economy drive.

A story in the Chicago Tribune of Monday, July 15, last, by Willard Edwards, a reporter distinguished for his accuracy, his clear thinking, and his logical conclusions, throws some light on the situation:

WHERE DID BIG ECONOMY DRIVE GO? READ ON—HOW AGENCY REVERSED TIDE OF LETTERS

(By Willard Edwards)

WASHINGTON, July 14.—Congressional investigators are nearing a solution to one of the great mysteries of the 1957 session.

The mystery: What happened to the big economy drive of a few months ago which was sparked by a tremendous flood of mail from indignant taxpayers?

Evidence gathered thus far by a House Government Operations Subcommittee, headed by Representative HARDY, Democrat, of Virginia, indicates the following:

The Government used taxpayers' money to launch a propaganda drive in behalf of continued big spending.

The State Department dipped into emergency funds to pay for public-opinion polls which allegedly showed the vast majority of Americans in favor of keeping foreign-aid spending at high levels. These were leaked to Washington and New York newspapers.

PRESSURE ON CONGRESS

Special letter-writing drives were organized to pressure Senators and Representatives who were outspoken in favor of reducing the Eisenhower foreign-spending budget.

This last operation functioned so swiftly, in response to Washington orders, that some legislators were astounded when they received telegrams urging them to support President Eisenhower's radio and television appeals for spending abroad. The wires were sent before Mr. Eisenhower began speaking.

As a result of this organized drive, economy sentiment began to wane in a Congress which, in any event, was conditioned to swollen budgets. Written protests of the hundreds of thousands, who joined last February and March in spontaneous demands for budget reductions, were forgotten. Log-rolling (the swapping of votes for pet spending projects) helped keep appropriations large.

HERE'S AN EXAMPLE

The experience of Representative GLENARD P. LIPSCOMB, Republican, of California, a member of the investigating subcommittee, furnished a revealing example of how the administration moved to pressure Congressmen.

LIPSCOMB, 42, was a senior partner in a public-accounting firm in Los Angeles before he came to Congress. His professional

training gave him a pronounced aversion to huge Government spending.

LIPSCOMB, like other Members of Congress, was overwhelmed by mail from his constituents early this year attacking the President's \$71 billion budget and criticizing, in particular, the President's request for more than \$4 billion in foreign-aid spending.

ASTONISHED AT POLL

He was, therefore, astonished in February to note a page 1 story in the Washington Star which revealed that public-opinion polls taken by the State Department showed the American people 90 percent in favor of continued high spending abroad.

LIPSCOMB wrote John Hollister, head of the International Cooperation Administration, which administers the foreign-aid program, asking for information on how these polls were taken and who paid for them. The use of public funds to propagandize the American people in behalf of foreign aid was specifically forbidden by Congress in 1952 under an amendment sponsored by Senator DWORSHAK, Republican, of Idaho.

LIPSCOMB received a reply from a Hollister aid which stated that the requested information could not be supplied—it was for official use only.

CHANGE IN MAIL

Almost immediately LIPSCOMB noted a curious change in his mail. A number of his constituents, who had not previously shown interest in his attitude, began writing urgent appeals that he support the foreign-aid program.

Subcommittee hearings last week pointed to Mrs. Elinor K. Wolf as a key figure in the ICA's propaganda efforts. Mrs. Wolf is an old hand in promoting foreign spending. She was a protegee of Paul G. Hoffman, former director of foreign aid when it was known as the Economic Cooperation Administration, and a leader of the committee for the Marshall plan back in the 1940's.

Mrs. Wolf was hired last January 17 by William J. Caldwell, Director of the Office of Public Reports, ICA, as a \$30-a-day consultant.

He testified that her job was to provide information for study groups, labor organizations and foreign-aid groups in line with his department's objective—to put the mutual-security program in its proper perspective and correct public misconceptions. Caldwell vigorously denied that his office put out propaganda in violation of the Dworshak amendment.

Mrs. Wolf compiled a long list of organizations to which she forwarded material in behalf of the foreign-aid program. She also, according to reports, stimulated the letter-writing campaign to Congressmen opposed to foreign spending but Caldwell said he knew nothing about this.

ADMITS HER PART

Mrs. Wolf's services were abruptly terminated April 18 when ICA Director Hollister discovered the nature of her duties.

Hollister told Caldwell to fire her because her employment was an unjustifiable expense on the taxpayer. Hollister has since announced his resignation.

Mrs. Wolf later admitted that she helped organize the sending of telegrams and letters to Congressmen urging support of President Eisenhower's foreign-aid appeals.

The investigating staff confronted Caldwell with a memo dated February 4 urging release of the public opinion polls which contradicted congressional mail showing popular demands for a cut in foreign spending. Caldwell admitted slipping the poll results to the Washington Star and New York Times.

The memo mentioned admiringly "the educational program which preceded the Marshall plan 10 years ago" and advocated a new "educational program" to counteract a

public impression that the foreign-aid program was "a giveaway."

"You were putting out propaganda rather than legitimate information," Hardy accused the witness.

The amendment now before the House has, I understand, been accepted by the Republican leadership. That amendment, if my understanding is correct, will limit the new program to 1 instead of 3 years; is a new, untried and experimental use of millions of Federal dollars. It is good insofar as it goes—but in my humble judgment, the experiment should never have been undertaken.

As has been repeatedly stated, we have spent some \$69 billion in foreign aid. There still are \$8.2 billion unspent, though part is obligated.

This bill calls for an additional \$3.2 billion for another year.

The results of the program have undoubtedly been disappointing to even its sponsors.

Why, then, do we adopt it? Frankly, the reason for its adoption is beyond me. Presumably, it will now be continued because the President so demands.

Last Wednesday, July 17, by a vote of 106 to 100, the committee adopted the Bentley amendment. Earlier today, on a teller vote, the committee reversed itself—rejected the amendment.

Why the change in sentiment? Was it not because yesterday morning, the Members of the House received a statement from the President, which read as follows:

STATEMENT BY THE PRESIDENT

I have just been advised that the House of Representatives has by a teller vote of 106 to 100 recommended an extremely serious cut in the defense support item of the mutual security bill. This program is the essential assistance required to help support certain nations which are maintaining large forces as a part of the free world's defense effort.

A large part of this assistance is designed to support the defense efforts of Korea, Vietnam, and Free China which face potentially active military situations. Important amounts are included for Pakistan and Turkey which also maintain large defense forces in important free world areas. Without this economic assistance, their own military establishments would have to be reduced drastically, and the other nations of the free world, principally the United States, would have to carry a greatly increased burden. These five countries would receive 75 percent of defense support moneys.

The legislation sponsored by the administration called for \$900 million for this program. The authorizing bill which was passed by the Senate reduced this amount to \$800 million. The authorizing bill approved by the House Foreign Affairs Committee cuts this item to \$700 million. The teller vote taken by the House a short time ago, if sustained by the House, would cut this item to \$500 million.

I view this cut with the utmost seriousness. It represents a reduction of nearly 50 percent from what the administration has asked for this purpose—an estimate which represented in my sober judgment the best interests of the United States. The cut can be considered as no less than a threat to our Nation's security and that of the free world. I sincerely trust that the sum authorized by the Senate will be accepted by the House.

It is difficult for me to understand why the administration should insist upon

lessening expenditures for our own people—the appropriation of additional millions for increases in salaries of, for example, the postal workers and others—but go all out for billions to be distributed abroad under the supervision of other nations.

Mr. Chairman, I ask unanimous consent to yield back the balance of my time.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. PASSMAN].

Mr. WILLIAMS of Mississippi. Mr. Chairman, I ask unanimous consent to yield the time allotted to me to the gentleman from Louisiana [Mr. PASSMAN].

Mr. GROSS. Mr. Chairman, I ask unanimous consent that I may yield the time allotted to me to the gentleman from Louisiana [Mr. PASSMAN].

The CHAIRMAN. Is there objection to the requests of the gentleman from Mississippi and the gentleman from Iowa?

Mr. MARTIN. Mr. Chairman, I understand that unanimous consent for that purpose has been objected to during the consideration of this bill and, that being the case, I will have to object.

Mr. PASSMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PASSMAN. The Chair had already put the unanimous consent request of the gentleman from Mississippi [Mr. WILLIAMS], to which no objection was made.

The CHAIRMAN. The Chair had not put the question as to whether there was objection. The gentleman from Louisiana is recognized for 3 minutes.

Mr. PASSMAN. Mr. Chairman, this is a clever maneuver on the part of the minority leader. I have been expecting it and it has come. I hold in my hand a report to which I wish to call attention.

Mr. JUDD. Mr. Chairman, if the gentleman will allow, when the Chairman calls on me, I intend to take the floor and yield my time to the gentleman from Louisiana.

Mr. PASSMAN. I thank the gentleman.

Last year, President Eisenhower selected 22 of the outstanding business people in America, to be known as the President's Citizen Advisers Committee on the Mutual Security Program.

He named Mr. Benjamin Fairless Coordinator and Chairman of this Committee, and he allocated \$100,000 from the President's special fund so that this Committee could make a complete investigation; and one of the points deals with the matter now under consideration.

Other members of the Committee were Mr. Colgate W. Darden, Jr., Mr. Richard R. Deupree, Mr. John L. Lewis, Mr. Whitelaw Reid, General Walter Bedell Smith, and Jesse W. Tapp.

The special representatives were J. Lawton Collins and John C. Hughes.

The staff members were Howard J. Mullin, executive director; Donald B. Woodward, staff director; Jack F. Bennett, economist; Means Johnston, Jr., military adviser; and Edward B. Hall, consultant.

Assistants were Jack E. Cutcomb, William R. Dalton, Katharine F. Daniels, George F. Divine, A. Genevieve LaFrance, Barbara R. Moberly, Evelyn L. Raper, Sara Janet Shaw, and Peggy B. Wirth.

This Committee went to various foreign countries to endeavor to evaluate the effect of these soft loans on foreign nations. I now quote excerpts from the report of Mr. Fairless given in testimony before the subcommittee that will handle the appropriation of money after you pass this authorization bill:

In our view, loans by the United States repayable in the inconvertible currencies of foreign nations are undesirable, and the practice of granting them should be terminated. Our relations with other countries will suffer from United States control of large amounts of their currencies. The soundness of the loan device should not be jeopardized by inviting repayment in foreign currencies which cannot be freely spent by the United States.

Then I said:

That is a very excellent part of your report, and I might state that, in many instances in the past, off-the-record statements by public officials indicate that they have very little faith in the repayment of many loans to foreign countries. Yet, when the same officials speak on the record, they are inclined to defend all loans as good loans.

This keeps the real facts from being known, generally. Evidently you had some knowledge of the situation I am describing, on account of what you have in this report. I certainly think the members of this committee and the Congress should be most grateful for this part—many parts, but especially this part—of your report, so we will recognize that many of these loans are nothing more than just paper, because, if you come in possession of too much currency of some of these nations, you might as well have rocks, because it would be of just as much value. I think that is the emphasis that you placed on this statement. We would like to have you elaborate on that a little further, Mr. Fairless.

Mr. FAIRLESS. You have really developed it yourself, right along the lines of our thinking, except to add one additional point: That most of these loans are made over a long period of time. They are 40-year loans, and if we agree that loans made today, repayable 40 years from now, in either dollars or local currencies, we think that that is a very dangerous contract in which to enter.

We have developed that there is a small percentage of the local currencies that are used to support United States expenditures within these countries. We have, for example, expenditures having to do with our Embassies, our people abroad in a given country. We can use a certain amount of local currencies to pay those costs, but these sums are small, and they will fluctuate over the years. Therefore, we think that, since these comprise such a small percentage of the total, we should not make contracts repayable in local currencies. We think the policy should be abandoned.

Mr. PASSMAN. Mr. Fairless, we appreciate your frankness. Some of us on this committee concur completely that it would be better, in all probability, to make an outright grant than it would to have what appears to be a loan. Again, I think we are possibly unintentionally misleading the

American people about some of these so-called loans which are really a coverup. Do you agree with that statement, that it is misleading on the surface?

Mr. FAIRLESS. Indeed, I concur 100 percent. We should either make sound loans, or, in the event a sound loan is impossible, and yet aid seems to be in the best interest of the United States, then we should make a grant.

Mr. Chairman, this would be a terrific penalty for a small committee on appropriations to have to pay for trying to do a creditable job in the public interest. This program has more unobligated funds than have been declared since you have been considering this bill. Even though there is a total of \$6 billion in unexpended funds of the mutual security program, there is in excess of \$726 million in unobligated funds. The people operating the program do not like to have this committee question them about some of these obligations.

This is another attempt to bypass the Committee on Appropriations and to bypass this subcommittee which will continue to examine these requests carefully when they come before us. I trust you will detect, as I do, what the people downtown are trying to do, and that is to bypass the Committee on Appropriations and especially the Subcommittee on Appropriations which handles these requests at the present time.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield.

Mr. BASS of Tennessee. Does the gentleman from Louisiana mean to tell this committee that the Committee on Foreign Affairs did not even have Mr. Fairless, who is Chairman of the Commission appointed to study this situation before their committee?

Mr. PASSMAN. I questioned several members of the committee and they said Mr. Fairless had not been asked to appear as a witness. The administration may have alerted some to the effect that Mr. Fairless would present an unfavorable report relative to the advisability of the soft-currency loans. Mr. Chairman, I thank the gentleman from Mississippi for yielding to me.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH asked and was given permission to extend his remarks at this point.)

Mr. SMITH of Wisconsin. Mr. Chairman, the development loan fund is a new look in foreign policy, so it is said. No more grants of aid from now on—only loans. Actually it is another giveaway disguised as a loan program and it sets in motion a worldwide WPA which, if approved, will put UNRRA to shame. This is the "daddy" of all giveaways. Demand for a reappraisal of this program was precipitated by a nationwide revolt against foreign aid last year. It forced the Congress to act as a matter of self-defense. Both Senate and House studies followed.

Approval of this scheme will place the International Cooperation Administration directly in the field of international banking. This, then, is the answer to public demand for a realistic assistance

program, for an end to waste and inefficiency in foreign aid.

This bold, new venture has no date limitation, no well-defined plan of operation, only the spending of hard-earned American dollars all over the world. Our experience leads but to one conclusion—dollars will not save the world nor make friends nor enhance our own security. We have, of course, established military bases around the world, some of them in areas not too friendly, but are we secure?

The Secretary of State in outlining this program before both House and Senate committees placed great emphasis on long-term development assistance and referred to this program as "our sense of mission." It was conceded by him that the loans described in the bill would not be the usual business loans but "soft" loans. They would be subordinate to other loans which are repayable to us in "hard" dollars and also because having been made in dollars, they would be repayable in "soft" currency. In other words, the United States would lend its dollars to be repaid on "easy" terms over a long period, in foreign currencies, and which could be used abroad only and then by specific agreement with the countries concerned. Can we be sure that we can negotiate such an agreement? There can be no such assurance. The experience we have had in India alone and from the difficulties experienced by the World Bank in getting the use of capital subscribed by its "soft" loan members, refutes this assumption.

Mr. Chairman, the men who are engaged in international banking, men who head such business organizations, are aware of the difficulties which confront this country as it embarks upon this new "loan" program. Mr. Eugene Black, president of the World Bank, and Mr. Samuel Waugh, president of the Export-Import Bank, have quite modestly approved this plan. They had to. Both agree, however, that a "soft" loan program raises many difficult questions.

I think it is safe to predict that the loans made under the program will be made in "hard" dollars taken from the earnings of the American taxpayers, but the repayment of these dollars will never be made—certainly not in the foreseeable future. One writer has expressed it this way:

Fleets of our ships will carry away, over the years, the goods for which the dollar proceeds of the new loans are spent, but the ships will return empty.

This points up the fact, Mr. Chairman, that we are only fooling ourselves and the American people to call the contemplated transactions loans. If loans are made payable in incontrovertible currency and can never be returned home, it is not a loan; it is a gift. What a field day it will be for the promoters in ICA as they go about the world seeking "soft" loan investments with our tax dollars and incidentally thereby increasing a bloated national debt and stoking the fires of inflation.

Mr. Chairman, what is being attempted here is to establish another kind of international lending institution which will engage in a banking business abroad

without meeting the ordinary standards of international banking practices.

Mr. John J. McCloy, himself an international banker, has pointed out one of the problems created by governmental and private investments abroad. He said that there is a very real danger that this "soft" loan program will drive out the private money and impair governmental loans which already exist in excess of \$5 billion.

Mr. Samuel C. Waugh, President of the Export-Import Bank, has expressed the same concern.

Mr. Eugene R. Black, President of the World Bank, said in a statement which appeared in the New York Herald Tribune on June 16, and I quote from that article:

Mr. Black noted that the present temper of Congress is against outright grants to foreign countries. He noted, however, if the loans from this development fund were in the form of dollar loans ranking on the same basis with World Bank loans, then a foreign nation's dollar indebtedness might exceed its ability to pay, and this jeopardizes our dollar loans outstanding, including the World Bank's.

It will be agreed that loans made by the Export-Import Bank and the World Bank for economic development have not deterred private investment. It is probable they have accentuated the tempo of private investment by making possible the installation of the basic facilities without which industry cannot proceed. Through their assistance, they have afforded development planning and economic guidance. This must be said in all fairness.

Mr. Chairman, can we assume that in this soft-loan program the administrators of the development loan fund will scrutinize repayment possibilities, as is done by the World Bank? And the Export-Import Bank? Such scrutiny is absolutely necessary and it serves notice to those seeking such loans that they must get their financial houses in order. What I am trying to say is that in any program such as is contemplated by this legislation strict requirements are necessary in order to promote sound economic practices by the borrowing countries. But the concept of soft loans, as here advocated, negates the principles of sound economic practices.

Mr. Chairman, it has been the consistent policy of both the Export-Import Bank and the World Bank to make loans which will foster private investment opportunities abroad. Less developed countries are in great need not only of capital but of managerial skills available in private industry. The administrators of this program are confronted with considerable difficulty in recruiting qualified individuals for service overseas. But private management does not have this trouble. Now a loan policy which will discourage Export-Import Bank and World Bank lending would also discourage private investment. Therein lies a danger with this program.

Peru is one example of a country prospering under a free economy, particularly since the country adopted a plan of sound economic principles in 1954. The gross national product increased nearly 15 percent from 1953 to 1956. Exports

rose 42 percent from \$219 million to \$311 million during that period, while gold and foreign exchange reserves rose 37 percent to a record year-end level of \$67 million at the end of 1956.

Another example is Mexico. The monetary and fiscal policies of the Mexican Government are now based upon the encouragement of private capital, domestic and foreign, and great results have been attained since 1954. In 1955 the gross national product increased 10 percent. Exports increased 23 percent and as the climate became more favorable for private enterprise, the value of United States investments in Mexico increased by \$75 million in 1955 and by 1956 there was an estimated increase of \$130 million.

Mr. Chairman, the committee has, in my opinion, considerably improved the provision relating to the Development Loan Fund over that contained in S. 2130 as it reached us from the other body. The House version now provides for better direction of the fund. It is very important, it seems to me, that in any international financing program that we encourage the recipients of our aid to establish sound, fiscal practices but can this plan of "soft" loans achieve that end?

Let us consider the situation of a country beset by inflationary problems and requiring amounts of foreign funds for basic expansion. Inflation, we all know, is a real threat today all over the world. To supply the funds before fundamental financial reforms are instituted only serves to aggravate inflationary pressures. This is like giving an alcoholic another drink because he feels so badly after the drink, he feels a little better, but ultimately he is much worse off. Pouring funds into an inflation-ridden country before curative action is taken helps neither that country nor the United States. It strikes me, Mr. Chairman, that our aim in extending aid should be to develop the economic stability of the recipient country, for only in that way can it become strong. It is to our interest to have strong friends rather than weak suppliants.

It cannot be repeated too often, Mr. Chairman, that the most available export commodity of the United States is its ability to demonstrate the advantages to be derived from free enterprise as opposed to socialistic bureaucratic control of the economy of any country. A system of foreign aid which encourages private investment will be to the advantage of the United States and the borrowing country. Any system which inhibits the flow of private capital by resorting to managed currencies, price controls, and many other socialistic devices will, in the long run, defeat its primary objective—that of building a strong economy.

Mr. Chairman, the new look as proposed in the development loan fund presents a program which will defeat the very objective sought by a private enterprise system. This is a "soft" loan program. In fact, it is not a loan program at all but a grant program in disguise. It means long-term loans, low interest rates, repayment in "soft" currencies of

doubtful value which will never return to the United States of America. Under these conditions, it offers no legitimate incentive for a straight banking transaction.

There is an old economic principle known as Gresham's law—that "bad money drives out good" and as I look at the suggestions proposed, it is as sure as night follows day, that these "soft" loans will drive out good ones and ultimately will destroy the good American loans now existing. It follows that the expansion of American capital into underdeveloped countries will be reduced. Is it not strange that, on the one hand, we recognize that expanded private investment is the sure cure to many foreign aid problems, and yet it is now proposed to embark on a program which will have the inevitable effect of destroying private, commercial investments from the United States.

I submit, Mr. Chairman, that the development loan fund program is not subject to effective congressional control. The request is for \$1.5 billion for a 3-year period without effective restrictions as to fiscal years and without any requirement for prior planning. This huge sum is not made available to an established corporation but rather to an undefined entity which Congress is asked to approve on faith. The method of operation and the framework of administration has yet to be defined. The powers and authorities of this formless entity are extremely broad in their application and vague in their limitations.

Mr. Chairman, this development loan fund is almost certain to create an unfavorable investment climate abroad. The whole program is destructive of private enterprise and the free-market system. Again I repeat what I have already said, that it is pure socialism. There is bound to be discrimination against investments that have already been made abroad and in precisely those areas where it has been demonstrated that initiative and enterprise can succeed without governmental assistance.

The use of taxpayers' money on such undertakings as are contemplated under this section, is, as I see it unmoral and we should have no part of it.

One witness before our committee testified "that the United States Government will become subrogated to the rights of the investor upon payment of claims. In other words, investors using guaranties under the program will be subsidized by the United States Government and they will take precedence over prior and other legitimate investors."

Again I repeat that it is unfair to use taxpayers' money under the guise of assistance to underdeveloped areas into the far distant future.

Mr. Chairman, where foreign countries in undeveloped areas create a favorable climate they have no difficulty in attracting foreign investors of all kinds and their government obligations are sought after by the leading money markets of the world. The lessening of enthusiasm by the American enterpriser and investor is due primarily to the worsening climates abroad and to the

burdens of excessive taxation, governmental controls and competition of giveaway programs or subsidies.

Mr. Chairman, I am opposed to this new look in foreign policy which proposes to spend unlimited sums on an outlandish WPA program.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I am certain no one in this House would accuse me of being hostile to this program. I have voted for the foreign-aid program since its inception. I want to continue to vote for it, but this is one provision in the bill that I just cannot vote for.

I believe we should make loans to foreign governments wherever we can under this program rather than to give away money. We have been making loans to them in the past. We have been making loans to them through this fund. We have been making loans to them through the Export-Import Bank. When they came before our subcommittee, they told us that what they wanted to do is to lend these people money rather than to give it to them. We asked, "Why do you not lend it through the Export-Import Bank?" The answer was that they are not going to be the same kind of loans. They said, "We will not make any loans that they will make. These are going to be soft loans." The great majority of them, if they are paid back at all, will be paid back in foreign currencies. We already have so much foreign currency that it is running out of our ears. The vast majority of the loans that are not paid back in local currencies will never be paid back at all. In order to make these soft loans we are not only giving authority for 3 years, but we are authorizing an appropriation of \$500 million to this development loan fund for 1 year. Thereafter, for the fiscal years 1959 and 1960, we are not even going to make an appropriation, but we are going to give the loan fund the authority to go to the United States Treasury and borrow \$750 million—and I believe it has been cut in this bill to \$500 million for the first year and \$500 million for the second year.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GARY. I am glad to yield to the gentleman.

Mr. VORYS. Is not the gentleman in favor of the Selden amendment?

Mr. GARY. I am in favor of the Selden amendment, but if there is any compromise between the House and Senate in the conference committees, I want to emphasize the objections to this borrowing feature of the fund so that there will not be any compromise on that feature.

Mr. VORYS. The gentleman has been on that subcommittee for years and he knows that unless we write into this thing that they have to make it in the form of loans, the tendency has been to make grants. Does not the gentleman think that getting at least a good big hunk of it this year to be in the form of a loan would be better than anything else?

Mr. GARY. I have no objection to that but I do object to the loan fund

being given the authority to go to the Treasury and borrowing the money because then the amount borrowed would not be in the budget and it would not come under the scrutiny of the Congress.

(Mr. ABBITT asked and was given permission to extend his remarks at this point.)

Mr. ABBITT. Mr. Chairman, the President in his message requested \$4,400,000,000 for his foreign-aid program. Presently, 56 separate nations are receiving foreign assistance from the United States. It includes nations in Europe, Asia, Africa, South America, Southeast Asia and Australia. It includes 17 countries which have been given their independence since 1945 and have joined the United Nations. In fiscal 1957, the United States gave away in foreign aid between \$3.8 billion and \$3.9 billion. On June 30, 1957, there was unexpended in foreign-aid appropriations \$6,200,000,000. Of this amount \$600 million was and is unobligated. In fiscal 1957, there was expended for military foreign aid \$2.5 billion and for economic assistance \$1.3 billion. Since 1945, July 1, there has been expended for foreign aid by the United States Government; up to and including June 30, 1957, the sum of \$67 billion, all of which was extracted from the pockets of American taxpayers.

There is an attempt on the part of this administration to place upon the shoulders of the taxpayers of America the financial and economical responsibility of practically all of the free countries of the world. It is shocking to know that since July 1, 1949, there has been spent by the Federal Government, or given away by the Federal Government, \$18 billion for military foreign aid. In addition to this, there has been spent on the United States Armed Forces the sum of \$260 billion as of June 30, 1957, making a total of \$280 billion for our military defense in 8 years. I doubt very much if any of our people realize the enormity of this sum. I only wish that the greater part had been spent economically and for the best interest of the defense of America.

The administration is now asking for a changed approach in the foreign aid programs. First, they desire to make so-called soft loans; that is, loans repayable in 25 to 30 years, which means that they will never be repaid. In addition to that, they are requesting that for the next fiscal year appropriations for the military foreign-aid program be put in the defense appropriation bill. The Senate has already passed an authorization bill for foreign aid whereby \$2 billion extra, over and above the military budget, will be put in the military appropriations for foreign aid. One and a half billion dollars will be military aid; one-half billion, or \$500 million, will be foreign defense support, making a total of \$2 billion. The whole idea of this new approach is to permit the administration to secure its funds for foreign aid in the Defense Department budget so that anyone who attempts, or tries to reduce same, can be accused of weakening the defenses of America.

I do not feel that it is the duty or obligation of the American taxpayers to carry the financial responsibility of the world upon their shoulders. I feel that our economic stability is just as important to us as our military defenses. If we collapse economically, if inflation brings on monetary chaos, then we are lost. We can no longer survive as a free nation. Our people cannot long continue to carry the oppressive tax load we are now carrying and remain solvent. We cannot adequately cut Federal spending so long as we continue an enormous foreign-aid program.

People at home have excuses for themselves and to their elected representatives to fight cuts in domestic spending so long as they know we are foolishly wasting their money abroad. I doubt if there has ever been a comparable program that had as much waste and inefficiency in it as the foreign aid program. Literally, millions and millions of dollars have been wasted and thrown away so far as the American defenses are concerned. Foreign countries have been besieged by our "dogooders" in an endeavor to persuade them to take our money. As soon as some crisis arises in some foreign country the first thing we hear is that can America get that country to accept monetary assistance. In my opinion, it should be the other way around. The question is, first, Can that country get us to help them? Next, Is it feasible and necessary for the defense of America that the American taxpayers be compelled to contribute financial support to that foreign nation? Then, third, Can our economy stand such contribution?

The bill before us authorizes an expenditure of \$3,242,333,000 which is a reduction of \$375 million from the amount approved by the Senate and a reduction of \$1,157,667,000 from the \$4,400,000,000 originally requested by the President. This reduction is, of course, commendable, but in my opinion we have not gone far enough in reducing this program.

There remains in the pipeline a total of \$6,232,734,000 in undelivered or unperformed materials, commodities, and services, as of June 30, 1957. In the military account alone there remains a total of \$4,380,594,000 in undelivered materials and services. This is more than has been actually used in the past 2 years. Yet this bill authorizes the expenditure of another \$3,200,000,000 to add to the total.

In addition to this amount of money, there is \$1 billion in counterpart funds, \$1 billion involved in the administration of Public Law 480 and other moneys which are being spent abroad under the Defense and State Department programs which are not even included in the bill. If we include those items which are mentioned and add in the amount carried in this bill, there is a grand total of \$11,400,000,000 which would be available in the various funds if we approve the amount in the bill before us.

I doubt that there has ever been a program in America which has had as much waste and inefficiency as the for-

ign-aid program. Reports we have received from around the world—particularly in Iran, in Korea, and in Asian countries generally—have conclusively shown that vast amounts have been literally thrown away so far as the good of America is concerned.

The bill before us surrenders even more congressional control over the mutual security program. Last year the Congress turned over to the executive branch far-reaching powers in this program and once again this year we are asked to surrender even more control. This is neither right nor proper nor is it fiscally sound. A program of this magnitude should bear its burden of congressional scrutiny. Unless this is done, the program, in my opinion, will lose all of its usefulness and Congress will no longer be able to give it the attention it deserves.

The various segments of this program have never been correlated as they should be. There is still gross waste and inefficiency. There are too many employees handling the program. No effective plan has been devised for performing the tasks which the administration says should be performed in this field.

This bill authorizes a give-away, welfare, luxury program to be supported by the overburdened and oppressed taxpayers of America. It is based on the theory that friendship can be purchased. This philosophy has not been borne out in the past. I am sure it will not be borne out by future events. Friendship is not for sale. It changes like the tide.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HENDERSON].

Mr. HENDERSON. Mr. Chairman, I find myself with the greater number of the members of this committee this afternoon, in that we are not members of the Foreign Affairs Committee of the House. So some of the things being discussed are understood more readily by the members of that committee. At the same time, we do have feelings concerning this legislation.

There are some phases of it with which we are painfully familiar, inasmuch as we are all taxpayers. We do have some realization of the effect that this legislation will have upon us as taxpayers.

Mr. Chairman, the mutual-security bill which is before us authorizes the appropriation of \$3,242,333,000. This is \$375 million less than the bill which passed the Senate and is a total of \$622 million less than the recommendation of the executive branch of the Government. Ohio shoulders about 6 percent of the Federal tax burden, and hence Ohio's share of this authorization would be \$194,539,980. With a population of 7,946,627 persons, according to the 1950 census, that would provide for a tax payment of about \$24.30 for every man, woman, and child in the State of Ohio to support the bill which is before the Congress today.

Because of the many ingenious methods of taxation which exist today, the taxpayer is scarcely aware of the fact

that he is being taxed so heavily. It is sometimes difficult for us to comprehend the extent of our support of the Federal Government. We pay our income tax on the easy-payment plan by withholding from the employee, or by a declaration of estimate and payment in quarterly installments. However, in Ohio we have retained one form of taxation for State purposes which is known and recognized by all, and that is the State sales tax. For each payment of tax that we make on every retail purchase, we receive a tax receipt. We Ohioans feel the burden of such a tax and would welcome the day when it could be reduced or eliminated. Only when we realize that we are taxed for foreign aid almost as much as we pay in sales tax, do we really realize the expense of this Government program.

Last year the total collections of Ohio sales tax were \$209 million, just a little bit more than the \$194½ million that this foreign-aid bill will cost Ohioans. In Munster County we will pay \$1,811,000 for foreign aid as compared with \$1,574,712 that was paid for sales tax in 1956. In Guernsey County we will pay \$954,383 for foreign aid as compared with \$556,142 which we paid for sales tax. In Washington County we will pay \$1,079,000 for foreign aid, whereas we paid \$693,782 for sales tax in 1956, so you see that in each of those three counties, the three largest counties in the 15th Congressional District of Ohio, the cost of foreign aid is tremendously greater than the receipts for sales-tax purposes. It might be interesting to note just what \$194½ million would pay for in terms of other governmental services in Ohio. Even at today's high prices, it would pay for nearly 200 miles of four-lane highway, or about 200 hospitals, at \$1 million apiece.

The State of Ohio has appropriated \$1,917,000,000 to operate the State for the next 2 years. This amounts to \$958,000,000 per year. The foreign-aid cost, which the taxpayers of Ohio are paying, would run the State government for 2½ months.

Mr. Chairman, let me repeat this last observation. The people of Ohio will pay for the foreign-aid bill, which we are considering, a sufficient sum of money to run the entire State of Ohio government for 2½ months. Can anyone doubt that this is not an insignificant piece of legislation that we are considering?

Many of my colleagues urged the passage of this legislation in spite of the tremendous cost to the Nation and to the people of Ohio. Even though the cost is enough to maintain the State government of Ohio for 2½ months of the year, even though the seven counties of Southeastern Ohio would pay more for foreign aid than they pay for sales tax to support the various institutions of the State of Ohio, in spite of the fact that the sum which they will send to Washington for foreign aid is almost as much as the entire State of Ohio receives from its retail sales tax, many of my colleagues suggest that this bill should be passed.

They cite the tense situation which prevails in the world today and I will

agree that the situation is tense. They state that the neutral, or so-called neutral nations of the world, if they are deprived of foreign aid, will immediately turn their backs on us and become disciples of the doctrine of Communism. They suggest that it is the duty of this Nation of ours, an enlightened Nation, to attempt to spread the gospel of Democracy throughout the civilized world through the expenditure of American funds. They explain that funds expended in this manner to support foreign soldiers with American weapons and equipment and training, is far less expensive than to support an American soldier. If all these things are true, can the foreign-aid idea be bad? Can it be too expensive?

Perhaps this would be good legislation if Congress and the people of the United States could be assured that each dollar expended would be expended for a worthy purpose and one which would advance the position of the United States and cut down the tense situation and cold war which exists. Perhaps this would be proper legislation if we could be assured that those nations whom today we help, would be our allies in time of need. Perhaps the legislation, which we seek to enact here today, would provide for a proper expenditure of funds if we could be assured that we are not providing an arsenal for our potential enemies. A foreign soldier can be armed more cheaply, can be maintained in the field less expensively than can one of our American soldiers. But let us not forget that an American soldier will be trained, and can be counted upon to fight for America and defend America, and by arming and training him, there is no possibility that we are arming and training a potential enemy. And, furthermore, my limited observation in the field of military affairs suggests to me that we get exactly what we pay for. An American soldier with his devotion and patriotism, his mentality and willingness to learn, is worth many times the soldier whose training would cost us less.

A thought occurs to me, and I am convinced that it is not an original thought, that millions of these billions are not being spent effectively. The Government Operations Committee of the House in its much publicized report on Iran, pointed out many glaring instances of misapplication of the concept of foreign aid and of expenditures for purposes which will in no way assist the receiving country or the United States. The article of our colleague, the gentleman from Michigan [Mr. MEADER] which appeared in Reader's Digest earlier this year, I regard as a clear and convincing description of the failure of our dollars to accomplish the desired purpose.

We are attempting to buy friends with our dollars. How much friendship have we purchased? Which of those nations whose loyalty can be measured in dollars, will not also be able to have their disloyalty measured in rubles?

Our national disposition to provide funds for arming our proposed allies, for supplying them guns, planes, and tanks has shown indications of a shifting sense of responsibility. If the United States

is willing to provide the funds, the other nations of the world need not spend so much. Which of the free nations of the world are today actually taxing themselves, to the extent that the United States is permitting itself to be taxed for the defense of the free world?

Britain has shown itself inclined to reduce its armed forces, feeling, I suppose, that with the money which the United States is pouring into the defense of Europe, not only can it lighten its burden but actually reduce taxes.

I have no doubt that this legislation will pass and that the people of Ohio will be called upon to assist in providing military strength for the free world and yet, because I believe the amount to be excessive, because of the waste which I feel has occurred in the past, and because I feel that a dollar's worth of American soldier will offer this Nation more security than a dollar's worth of any other kind of soldier, because I believe that true friendship cannot be purchased, and because very often a display of funds purchases contempt, I will vote against this mutual aid bill.

(Mr. HENDERSON asked and was granted permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Maine [Mr. COFFIN].

Mr. COFFIN. Mr. Chairman, at this late point in the debate, I think very few souls will be saved. I just want to go on record as saying that this device of a several-year fund appeals to me as one of the most practical tools for approaching this mutual assistance program that has yet been devised. I was particularly impressed by former Chairman Richards' views of it in a report he filed last December. In view of the apparent sentiment of the committee, it is not in my heart to debate or to speak further with regard to the several-year program. The absence of fiscal-year limitation, as proposed by the Selden amendment, is an admirable part of his program and would do a great deal to do away with the haste and waste that has taken place in the past. This is at least a start, and I welcome the signs in this House of making a start toward a more efficient type of program that will eliminate many of the abuses we have complained of in the past.

The CHAIRMAN. The gentleman from Minnesota [Mr. JUDD] is recognized.

Mr. JUDD. Mr. Chairman, I wish we might have had the longer range loan program, because it would be put on a businesslike basis, like our other lending agencies, and help cure the defects of the present setup which are being criticized. I do not have the apprehension of some that neither the authorizing committee nor the Appropriations Committee would have adequate control over this loan fund. I think they could control it better than now because its budget would contain definite projects instead of illustrative programs for countries.

But many have such an apprehension, and there is no way to find out who is right except to try it for a year and see how it comes out. If it is handled well and the apprehensions are allayed, we can deal with it next year with more

definite information. It is a new departure and I think it will give an infinitely better situation than we have now. For making loans is not new in this program; loans are made now without any real restrictions whatever, except monetary limitations. Something like \$400 million of loans were made last year. One of the main reasons for this new provision is in order for the first time, to lay down tighter restrictions, terms, and conditions which the loans must meet.

There are three types of loans that may need to be and can be made to other countries: First, loans for sound projects in countries that are sound economically and stable politically. They do not come under this; they must be obtained from the Export-Import Bank or private or other sources.

Second, long-term loans for projects that in themselves are sound economically but are in countries whose political situation is unstable. No private concern or bank can be expected to put up its money for a 40-year loan to a country, perhaps newly independent or recently war-ravaged, whose political stability, or even survival, cannot be assured over the next 10 or 20 or 40 years. Yet it is important for ourselves that that country stay free. Such loans are authorized in this section.

Third, there are loans for projects in countries that are not basically sound either economically or politically, but are of strategic importance in this world struggle because of airbases in their borders, or their nearness to strategic resources or waterways or targets. It is essential to see that they remain on our side. Private concerns cannot make such loans nor will any sound bank. They can only be made by our Government. If the countries pull through the loans can be repaid. If they do not pull through, maybe the rest of us will not either.

Instead of the Development Loan Fund being a giveaway or blank check, as charged, let me list six criteria laid down in the bill, in contrast with existing legislation: One, the funds are available only for loans, not grants.

Two, loans can be made only on the basis of firm commitments. There has got to be a good honest intent and effort and reasonable prospects of repayment.

Three, they cannot be used for direct purchase of equity securities.

Four, loans can be made from the Development Fund only if they cannot be obtained from private investors or banks or other lending agencies.

Five, the fund manager must—it is written right in the statute—ascertain that the project is economically and technically sound and that the loan will have the effect of developing economic resources.

Six, one of the most important restrictions in the bill is that the loans can be used only for development purposes; they cannot be used to purchase consumer goods or just to meet balance of payments or the current budgetary needs of the borrowing country.

Seven, they must be administered so as to support and encourage private investment and participation.

Eight, none of these requirements that I have just listed may be waived by the President. He does not have the authority to set these aside under the bill as he can under existing legislation.

It seems to me the bill as written is the sound, sensible way to handle this matter, but if under the realities of the situation we must take the Selden amendment and go ahead for 1 year of trial, I must accept it, but warn that it will not do as good a job in correcting the defects of the past as the committee bill would have made possible.

The CHAIRMAN. The gentleman from Missouri [Mr. CARNAHAN] is recognized to close the debate.

Mr. CARNAHAN. Mr. Chairman, I had hoped that we would get a longer range program. It is evident that there is not sufficient agreement as to how we shall arrive at such a program legislatively at this time.

I urge the adoption of the amendment and call for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

Mr. LONG. Mr. Chairman, I demand tellers.

Tellers were refused.

The question was taken.

The amendment was agreed to.

Mr. PILCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PILCHER: On page 6, strike out line 24 and all that follows down through line 3 on page 17, and insert the following:

"Sec. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to development assistance, is further amended by striking out "this title" and "411 (c)" in section 201 (c) and substituting, respectively, "this title or section 400 (a)" and "411 (b)."

Mr. PILCHER. Mr. Chairman, this so-called development loan fund is presented as a new approach to the Mutual Security Act. Mr. Chairman, it is not a new approach but the same old program dressed in new clothes, minus many of the restrictions which used to be contained in the law and with nearly a billion and a half unneeded and unnecessary funds.

Now, if this amendment is adopted, it will leave the Mutual Security Act exactly as it is today, with \$2,833,000,000 of new money, plus \$1 billion of counterpart funds, plus \$1 billion under Public Law 480 for the sale of surplus agricultural commodities, plus \$6,200,000,000 in the pipeline, or making a total of \$11 billion.

Under this new development loan fund, the Congress is relinquishing its control as to appropriations. There is no limitation as to fiscal years. The fund will be able to continue indefinitely without congressional control and without supervision. It will be able to undertake activities which are certainly not in the interest of this Government. This fund will be headed by a so-called manager at \$19,000 per year, plus his extensive staff.

In front of this bill you will notice they set up a loan committee, but down below where it says "Manager" it states he can lend money to any foreign government or foreign government agency, or to any person, partnership, association, corporation, organization, public or private, singly or in combinations; accept and use gifts or donations of services, funds, or property, real, personal, or mixed. He can collect or compromise any obligation. Mr. Chairman, the word "compromise" means practically the same thing as cancel.

He could compromise a million dollar debt for \$2.

Mr. Chairman, I do not believe that the executive branch has demonstrated the prudence and business ability necessary to justify such extreme flexibility.

The loan fund is presented as a new concept. We are told that loans will replace grants. The fact of the matter is that 80 percent of development assistance must already, under existing law, be on a loan basis. Further, we are told that the loans to be made by the fund may be repayable in local currency. This means that they will be so-called soft loans. A soft loan is not a loan but a grant in disguise. Furthermore, it would drive out good loans. Should we drive the Export-Import Bank and private business out of the market, or should we require prudence in our Government?

The truth of the matter is this is an intergovernment agency fight. The Export-Import Bank and the World Bank have done a wonderful job on a business-like basis, not only in loaning money but helping to promote private enterprise, and in my opinion this part of the bill will cripple them immensely. I think it will have a bad effect on the existing loans by these agencies.

In most places, the extravagance and waste in the mutual security program has been due to their having too much money. I will give you an example. In 1955 they appropriated \$20 million to build a fertilizer plant which would make only nitrogen. Then in some way they found out that complete fertilizer consists of superphosphate, potash, and nitrogen and that they would have to build a second plant, and appropriated \$19 million for this. A little later they discovered that there was not any phosphate, potash, or sulfur within thousands of miles of Korea so they canceled out the second plant, but not until they had paid an engineering firm over \$1 million for a survey which they could have gotten from the Agriculture Department, the National Plant Food Institute, or the Library of Congress in 1 day's time. They then went back to the first plant in 1956 and appropriated an additional \$7 million, and in May of 1957 appropriated \$8 million more, making a total of approximately \$36 million for a nitrogen plant before the farmers of Korea could agree, or had the know-how, to use same. With the vast amount of surplus nitrogen in the United States, we could furnish the farmers of Korea nitrogen for several years for this amount.

Mr. Chairman, they have tried to frighten us every year that if we do not

support this program the Communists will take over. Now, no one will argue that the Marshall plan saved Europe from communism, but those people knew what they wanted. They had already lived a better life, but in other parts of the world we are dealing with a different kind of people; some places 90 percent of them cannot even read or write. It is going to be a slow process. We are going to have to help those people help themselves. Just sending huge sums of money and trying to make them be like Americans is not the answer.

When farm mortgages are increasing by leaps and bounds; when more small businesses are going into bankruptcy than they did since 1932; when our home building is the lowest it has been since 1949; when interest rates continue to rise, I think it is time for Congress to stop, look, and listen.

I have always supported the mutual security program, but I honestly believe that if they did not get one single dime this year and had to operate on what they have, they would do a better job.

Mr. Chairman, I hope this amendment is agreed to.

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the amendment.

Mr. LONG. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Louisiana.

Mr. LONG. When I rose a few minutes ago to ask for a teller vote, I did that for this purpose, in order to show to the other body that the vote on this amendment was almost unanimous.

I thank the gentleman.

Mr. HAYS of Ohio. The gentleman, I think, as a further observation, might show that on the voice vote I think there were only 1 or 2 noes against the amendment, so for the record, to show the other body, we might say that at this point.

Mr. Chairman, I hesitate to oppose the amendment of my good friend and colleague on the Committee on Foreign Affairs, the gentleman from Georgia [Mr. PILCHER]. But, I might say that had the Selden amendment not been adopted, I would have supported the Pilcher amendment, because I would have been in favor of nothing rather than 3-year no-review program. Since the Selden amendment has been adopted, as was pointed out by the gentleman from Louisiana, practically unanimously, and since it is a 1-year program, and since presumably the conferees will stand by that, I think it is fair that we give them a trial.

Now, I would just like to point out one reason why I say I would have supported the Pilcher amendment had not the Selden amendment prevailed. It has been said that the Congress could review this program if the original Senate language had been allowed to stand, and I suppose you could not technically say that is wrong. However, all that could have been done would have been to review it. We could not have stopped it; we could not have changed it; we could not have done anything about it, because under the original language the Senate gave them \$750 million and gave

them the authority to borrow an additional billion and a half, in the amount of \$750 million each year. And, they could do whatever they wanted with it, no matter how much we reviewed it.

Now we come to the crux of the thing and why I supported the Selden amendment and why I think the committee supported it almost unanimously. The committee apparently feels, as I do, and as the Committee on Foreign Affairs did, that loans are better than grants, but the committee also recognized that if we put this program on a 1-year basis, that they will have to give a little consideration to the kind of loans they make, because if they go off base, if they go off on a wild spending spree or silly projects, the Congress cannot only review it at the end of the year, but the Congress can cut off the money; in other words, we do not have to give them any more. That is why I say we are in a better position under the Selden amendment than we were under the original language, which gave them the money, gave them the borrowing power, and all the reviewing we would do to the contrary notwithstanding, they still had, under the original bill, \$2 billion that they could play around with for as long as they wanted to.

I hope the Pilcher amendment will be defeated. I think we are safe under the Selden amendment.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Is it not true that there has already been some investigation or examination as to the amount of money that they might possibly spend under this program?

Mr. HAYS of Ohio. I pointed that out in my speech previously in support of the Selden amendment. Yes, there have been some facts or figures sent up to us.

Mr. SMITH of Wisconsin. Actually, we have some figures which indicated a possibility of more than a billion dollars.

Mr. HAYS of Ohio. Yes, but it did not indicate an actual possibility of that much. If you notice the third category, they might well have headed it "What We Have Dreamed Up. What We Could Possibly Spend." But, the actual loan applications on hand—and I am saying this without the actual figure in hand—ran around \$200 million and a potential somewhere around \$199 million, so that if they have a half a billion the first year, it seems to me that that is all they can adequately investigate and process on a sound basis, and I will predict to you that they will come in next year with some of this half a billion left over.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman.

Mr. JUDD. Is it not also true that in the last year under existing legislation about \$400 million was loaned in various ways and places; and if we are going to make loans, it is better to make them under the restrictions in the bill as they have been tightened than to have them continue to be made as in the past

with almost no restrictions or guide lines?

Mr. HAYS of Ohio. I agree with the gentleman, and that is why I supported the Selden amendment.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman.

Mr. FULTON. I agree with the gentleman and likewise oppose the Pilcher amendment because I believe the Selden amendment is a successful compromise that we can try out for the next year and see how it will work out. As a matter of fact, I believe the defense support funds will help to cure the situation to which the gentleman from Georgia [Mr. PILCHER] referred. In Korea, as to the fertilizer plants, there are two of them that have not been well planned or executed, and one of them has already been cancelled by the International Cooperation Agency. Our committee will look at those situations very closely both now and in the future.

Mr. EDMONDSON. Mr. Chairman, I move to strike out the last word.

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Chairman, I rise in support of this amendment for reduction of funds, and will frankly state that I cannot see my way clear—as a Representative of my people in Oklahoma—to vote for any additional funds for foreign aid at this time.

The evidence is clear that we already have on hand more than \$3 billion for the various foreign-aid programs, and that is a very great sum of money, if properly and carefully used.

In recent weeks, we have been told that it is necessary to abolish an approved program for a greatly needed transport airplane, the C-132, which was to have been built by Douglas Aircraft. The reason given was lack of funds in Air Force appropriations, with which to build this much needed airplane.

In recent weeks we have been told that 100,000 men must be released from our Armed Forces, because of lack of funds.

We have been told that a pay raise for our Armed Forces, for people in all branches of our Government service, cannot be afforded by our Government because of lack of funds.

In the great flood-disaster area of the Southwest, where a special subcommittee recently reported flood damage of \$250 million, our Government has been able to afford only very limited and inadequate emergency aid.

The people of Oklahoma, in my honest opinion, cannot understand a situation in which a government can find new money to buy airplanes for a doubtful ally, but cannot afford to buy them for its own Air Force.

The people of Oklahoma cannot understand a government policy which provides financial support for the currency of another doubtful ally, while that same government cannot afford to pay much needed increases in the salaries of its own fighting men.

The people of Oklahoma, while sympathetic to distress in all countries of

the world, cannot understand a government which is generous in its charity abroad, and yet is not generous in relieving emergency needs and distress among its own people.

Mr. Chairman, I have no quarrel with those who claim important benefits to our own country in a well-planned and well-administered foreign-aid program.

American bases at strategic points in some foreign countries undoubtedly have great military importance. The value of well-trained and well-equipped fighting forces in foreign countries allied with our own in the common battle against communism cannot be questioned.

Well-planned assistance programs under the Marshall plan and the Truman doctrine have played an important part in securing these bases and in building this allied strength, and these are sound objectives.

But these hours of debate, Mr. Chairman, have produced no evidence that failure to provide additional funds at this time will endanger either of these objectives.

On the contrary, there is evidence that our military appropriations are the source of most American military investments in foreign countries, directly related to common defense purposes. Certainly there is a prime example of this in the case of NATO, for which almost five times as large a contribution came from United States military appropriations, as from mutual assistance funds.

Mr. Chairman, with \$8 billion now authorized and on hand for foreign aid, I can see no harm whatsoever in a refusal by this House to authorize further money for this purpose today.

I can see the possibility of some much-needed good as a result—possibility of a careful reexamination of our program in all countries of the world, to eliminate the waste and inefficiency which everyone agrees are present to an alarming degree.

As a further result, perhaps it will also then be possible to find the money to meet some of the urgent and pressing needs of our own people—which will always be our first obligation as Members of this body.

Mr. Chairman, in the interest of commonsense, economy, and the human problems and military strength of our own country, I urge this House to vote down S. 2130 and the Mutual Security Act of 1957.

Mr. HIESTAND. Mr. Chairman, I rise in support of the amendment. I am largely in agreement with the remarks of the gentleman from Oklahoma [Mr. EDMONDSON], who just preceded me.

Mr. Chairman, sometimes I think we fail to see the forest for the trees. Sometimes we are considering the measure immediately before us without a little bit longer perspective.

Mr. Chairman, war, famine, pestilence, and inflation are the four greatest scourges of mankind. They have caused more suffering than all other causes. We do not need temporarily to fear war, famine, and pestilence. They might not occur. But inflation is here and is real.

Every Member of this body knows very well the effects of inflation, the tragic effects, especially on those in the lower income brackets and those with fixed incomes. But the public as a whole, Mr. Chairman, does not realize very well the causes of inflation.

The basic cause, as every Member knows, is Federal spending. I suggest, Mr. Chairman, that the most highly inflationary part of Federal spending is foreign aid. It is the most highly inflationary for the reason that a high percentage of the money is spent here yet the products of the goods and services are shipped overseas. Therefore, demand is increased and supply decreased, further increasing inflationary pressures.

What have we before us? The original request, shall we say, asked for \$3,800,000,000 of authorization. In general we know that \$1 billion of counterpart funds resulting from Public Law 480 sales of surplus commodities is available. We also know that \$6,300,000,000 is unexpended, and it has been shown that quite a bit of that is still uncommitted. Now we are asked for \$1,500,000,000 for 3 years as a loan. After the previous amendment was agreed to that was cut to \$500 million. That still totals \$11,600,000,000. That is a tremendous amount.

I suggest that any moral obligation we may have for Korea or for Formosa or any other place may well be taken care of in that tremendous sum. I suggest that any defense needs of farflung nature can well be taken care of without this additional loan fund.

A loan? Yes. The idea is good. The idea is O. K. But this is supposed to be a revolving fund.

I suggest, Mr. Chairman, how can we regard this as a revolving fund when most of the loans will be from 10 to 40 years in length? How can they revolve in 1 or a few years? How can we consider this as a loan when the funds will never be paid back to the Treasury, to the taxpayers? They will go back into the fund, anyway.

We have voted so far adequate funds. This House has gone on record in favor of economy, of cutting Federal expenses. If we do not do it, we are not keeping faith with the people of the United States. The people of the United States would like, at least a great proportion of them, to have foreign aid cut out entirely, but they do recognize certain moral obligations. I suggest those are already taken care of in the votes that we have made. We can well do without this additional authorization for loans.

Mr. Chairman, I support the Pilcher amendment and hope it passes, on the ground that we are voting away our control if we do not, that we are virtually giving a blank check. I support the amendment.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment, and all amendments thereto, close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. DORN].

Mr. DORN of South Carolina. Mr. Chairman, I rise in support of the Pilcher amendment because, make no mistake about it, the Congress is embarking upon still another different foreign-aid program. These programs started, incidentally, in 1933 when the United States first recognized Soviet Russia. Then followed your reciprocal-trade program, then the Lend Lease Act of 1939 and 1940—and I can tell you that billions and billions of dollars—over \$100 billion was spent on this lend-lease foreign-aid program. Then, since that day, we have had UNRRA, the Marshal plan, the European Recovery Act, the World Bank, the International Relief Organization, and now the mutual security. Right here in this bill because these proponents of international spending are trying to camouflage another perpetual international WPA program, and they are trying to camouflage it in this bill under a section calling for a new program in the form of loans. I wish the Members of the House would take the time this year to find out from some of the GI's, the soldiers who serve our country abroad. Contact the field representatives of American business overseas. They can tell you about some of our so-called friends, the recipients of American aid. They can tell you that they have seen the American flag torn down and spat upon. They can tell you that their automobiles have been stoned and that they have been told to go home. They have been insulted on the streets. All because of these programs of throwing away our money all over the world. They can tell you about dams being built in foreign countries where there is no water. They can tell you about national parks being built where there are no people. They can tell you about super-highways for the camel, the goat, and the donkey. They can tell you about highways in countries where there are only 5,000 or 9,000 automobiles.

Here we are about to start in a period of inflation on another program that will last forever. I think I can recall when Mr. Stassen said that we need to spend \$10 billion every year for the next 100 years. I say that it is time that this Congress, if it is ever going to put the brakes on this kind of program, to here and now stop this program in its infancy. This is another foreign aid program in disguise that will grow as time goes on. How can the United States of America protect the free world if we are to become weak, our resources dissipated with inflation, impotent and unable to protect the free people of the world. The greatest protection that all of our so-called allies have is the strength of the United States of America itself. Here is an opportunity, with this amendment offered by a gentlemen who serves on this committee and who knows what he is talking about, who can foresee what this program will amount to in the future, here is an opportunity to stand up and be counted and stop this program before it develops into something like Mr. Stassen mentioned, \$10 billion a

year, until the United States of America is bled white and destroyed within. Then the free world will collapse.

Let me tell you something. If an attack ever develops on the United States of America, it will come over the North Pole. It will come out of the mist and snow of the north at the heart and core of the free world which is America itself, and all of these bases and troops that the gentleman from Minnesota talks about around the whole perimeter of Russia will run up the white flag overnight.

The CHAIRMAN. The gentleman from Massachusetts [Mr. WIGGLESWORTH] is recognized.

(Mr. WIGGLESWORTH asked and was granted permission to revise and extend his remarks.)

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. JUDD. I wish there had been time for the gentleman from South Carolina [Mr. DORN] to explain how he would defend the United States without this program. The United States is not defensible today, in the sense that there is no way to prevent the Soviet Union getting enough planes through to deal us deadly blows. Why do they not come? Because they know that if they do, they will be destroyed by our planes from bases outside the United States, the very bases available to us because of this program. We have our boys there also. They are not going to run up the white flag.

Mr. WIGGLESWORTH. Mr. Chairman, I shall not take the 5 minutes. I simply want to record myself as opposed to the Pilcher amendment.

I am opposed to it because I believe that a development assistance program is essential because it is important to this country that other nations in the world who desire to remain free and who do not have sufficient economic strength to be sure of remaining free, shall be aided, that they may remain free and outside the Iron Curtain.

I am opposed to it also, because I believe that the development loan program which is presented at this time offers possibilities of very great improvement over the principles under which we have heretofore operated, principles which the Pilcher amendment would retain in full force.

For years, Mr. Chairman, the development assistance program has been subject to great criticism.

For years I have lived with this program as a member of the Appropriations Committee. I have pointed out its shortcomings again and again. I have done what I could to bring about changes for the better. I welcomed as I am sure we all did, the announcement about a year ago that there would be a thoroughgoing investigation of this program with a view to its improvement.

As has been pointed out, investigations have been recently made on behalf of the President, on behalf of the Senate, and on behalf of the House. This proposal is the result of those investigations. The new plan is intended to bring about

an increase in economy and efficiency. It is intended to put things on a more businesslike basis, similar in operation to the Export-Import Bank.

It is intended to substitute loans for giveaways or grants. It is intended to provide financing under which repayment is possible, instead of the present system where there is no repayment.

It is intended to eliminate the illustrative programs we have struggled with for many years, programs unsatisfactory to the Congress and to the Executive. It is intended to substitute action in respect to specific projects under specified criteria.

I repeat, Mr. Chairman, in my judgment the proposed loan program carries with it the possibility of very great improvement over the present basis of operation.

I believe it is entitled to a fair trial as an important part of an overall program which in my judgment is absolutely vital to our country in terms of national defense and in terms of world peace.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Missouri [Mr. CARNAHAN] is recognized for 5 minutes.

Mr. CARNAHAN. Mr. Chairman, I yield to the gentleman from Arkansas [Mr. HAYS].

The CHAIRMAN. The gentleman from Arkansas [Mr. HAYS] is recognized for 5 minutes.

Mr. HAYS of Arkansas. Mr. Chairman, I wish to subscribe first of all to the splendid remarks just made by the gentleman from Massachusetts. The development loan fund is entitled to a fair trial. The development loan plan represents a new approach, and for a long time that is exactly what the Members of the House have been asking for, not that we wanted to repudiate some of the sound measures that have been and must continue to be used. We have been asking however: Is it not possible to devise a fresh and more effective plan for aiding underdeveloped countries?

I would never represent to this House that I envisage a quick end of the present program of our Government. As long as freedom is in danger, I believe my country's resources will be devoted to its defense. The Foreign Affairs Committee would be deceiving itself and deceiving the House if we spoke in other terms in the present peril. It is only because Russia stands to gain by any indifference on our part to conditions abroad and because the Soviet leaders plan to take advantage of any reluctance on our part to provide help for the defense of other nations that we must act. An adequate defense requires economic strength.

I am speaking here primarily about the defense aspects of the problem. There are countries whose allegiance we know is with us and yet they are not capable of defending themselves as vigorously and as effectively as they might be if the loans for the sound projects anticipated by this plan can be completed. If we were, however, thinking altogether in terms of trade, as the gentleman from Ohio [Mr. VORYS] suggested a little

while ago, we should still adopt this plan.

Consider what a fully developed Latin America might mean to us. If there were the same purchasing power on the part of the millions of people that make up Latin America that the people of Canada enjoy, it would mean for us a trade with Latin America not of \$7 billion, but of \$70 billion. America would be more prosperous by reason of it. We would profit greatly not only by a developed Latin America, but also by a developed Africa, and by a developed south Asia.

The gentleman from Pennsylvania [Mr. WALTER] spoke in general debate of a comprehensive project of the Netherlands and Australia by which excess populations could be relocated, pointing out that it is only with a loan arrangement, money expended for that specific plan to be repaid to us, that we can solve some phases of the refugee problem.

So there is every reason from the standpoint of our economic progress, our defense interests, and our humanitarianism for our proceeding with the development loan plan.

Mr. Chairman, some publicity has been given to the fact that in the midst of these deliberations I seemed to have changed my mind. I do not think anyone would expect me to appear apologetic because of that. Who among us in the course of service here has not altered his viewpoint?

Our highly respected former chairman, Mr. Richards, altered his opinion to some extent and in advocating this plan today we stand squarely with him. He points out that we have been plagued in the past by the annual authorization-appropriation cycle and that Congress would improve the situation by this plan.

The CHAIRMAN. The time of the gentleman from Missouri has expired. The gentleman from Arkansas, however, is entitled to recognition for 5 minutes.

Mr. HAYS of Arkansas. Mr. Chairman, the committee, I assure the House today, looked into numerous proposals. We had access to the most elaborate investigations of a problem that we have ever had perhaps including a \$300,000 survey made by the other body. We had the reports of the Presidential commissions and it is interesting to note that every one of these reports, official and unofficial has given an endorsement to the economic development loan fund that would project some of the capital resources of this Nation into the distressed areas of the world. My amendment, to which allusion has been made, cut the fund by a large sum in its second and third years. If the Selden amendment had been defeated, if the committee had agreed with me as it did not, and I bow in defeat and to its will, it was my idea that we trim the fund by one-third for the two succeeding years because I think a conservative approach is wise. Mr. Chairman, as the situation stands now we are voting not upon the committee amendment, we are voting upon the bill as amended by the Selden amendment. I do not believe the Committee wants to repudiate the commit-

tee's efforts which has produced this modest provision.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. It seems to me this is a natural, transitory step for us to take. Back not so many years ago when we started the mutual assistance program we were faced with the disintegration of nations unless we followed in the main the grant program. But now there has been sufficient rehabilitation where we can transform that into a loan program which is provided in this bill for 1 year in accordance with the Selden amendment. I hope the amendment to strike the entire program out will be defeated.

Mr. HAYS of Arkansas. I thank the gentleman.

Mr. PILCHER. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Georgia.

Mr. PILCHER. Are not these loans going to be soft loans?

Mr. HAYS of Arkansas. The gentleman has raised that point heretofore and I might say in reply that it seems to me the question has been satisfactorily answered. Of course, it would not be unfair to refer to them as soft loans, but I do not think we want to decide this issue on the basis of terms or words or to be the captives of phrases that are in disrepute. The gentleman recognizes that there are important objectives to be attained and if it is necessary in some situations to authorize repayment in local currencies, then that would be justified in view of the security relationship. The fact is that these funds can often be converted into other currencies and into commodities that we can use.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Ohio.

Mr. VORYS. There has been approximately \$2 billion in loans that are called soft loans in these various mutual security programs since the Marshall plan. In the Marshall plan you had a billion dollars of loans. All of those loans are repayable in dollars; so that it is wrong to claim that every so-called soft loan is going to be a local currency loan.

One more point. When we make a local currency loan over a long period of years with a country that has strategic materials that we want to buy with that local currency, as that country develops we may be making loans that will help to save the future for the United States.

Mr. HAYS of Arkansas. I would like to point out, Mr. Chairman, that this procedure would, in any event, require constant scrutiny and review by the Congress, and it would certainly receive that scrutiny.

Mr. HARDY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARDY. Would the Chair tell us what the situation will be if the Pilcher amendment is adopted in Committee of

the Whole and defeated after we get back in the House?

The CHAIRMAN. If it is adopted in Committee of the Whole and then rejected in the House, it will restore the original language of the bill, the Senate provision.

Mr. HARDY. Mr. Chairman, a further parliamentary inquiry. Then the Selden amendment would have no effect?

The CHAIRMAN. It would not be reported to the House.

Mr. HARDY. So that we would have only the Senate version?

The CHAIRMAN. That is correct.

Mr. HARDY. I thank the Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. PILCHER].

The question was taken; and on a division (demanded by Mr. PILCHER) there were—ayes 86, noes 126.

So the amendment was rejected.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 17, following line 3, add:

"SEC. 207. Participation by private enterprise: (a) Notwithstanding any other provision of this title, the fund shall not be used to engage in financing any operation or transaction unless it is determined, in accordance with the procedures set forth in this section, that the operation or transaction cannot be effectively carried out by private enterprise.

"(b) Prior to entering into any operation or transaction involving the fund's assets or making any commitment to engage in such operation or transaction, the manager of the fund shall publish in the Federal Register a brief description of each such proposed operation or transaction.

"(c) No financing operation or transaction involving the fund's assets shall be entered into and no commitment to engage in such operation or transaction shall be made during the 60-day period beginning on the date of the publication required under subsection (b) of this section. Except as provided in subsection (d), the operation or transaction as originally proposed may be entered into under this title at any time after the expiration of such 60-day period.

"(d) If during the 60-day period required under subsection (c) of this section the manager of the fund receives notice in writing from one or more responsible private business concerns of a desire to carry out in whole or in part the operation or transaction which is proposed to be financed under this title, and if such private business concern shall have furnished acceptable surety as provided in subsection (f), the operation or transaction shall not be entered into and no commitment to engage in such operation or transaction shall be made unless, after allowing an additional period reasonably sufficient for each such business concern to complete any further studies for the operation or transaction it may deem necessary, to develop plans and specifications therefor and to make appropriate contractual and other preliminary arrangements in connection therewith, the President determines that such concern or concerns are not likely to carry out the operation or transaction in a manner which will effectively further the purposes of this title.

"(e) The manager of the fund shall make available all technical studies made in connection with such operation or transaction to responsible private business concerns expressing a desire to participate in carrying out the operation or transaction as defined in subsection (d).

"(f) The manager of the fund shall have authority to issue regulations governing the type of surety and other evidences of good faith to be required of private business concerns giving the notice prescribed by subsection (d)."

Mr. BENTLEY. Mr. Chairman, for the information of the Members of the House, and I am sure they will be pleased to hear it, I have several other amendments at the Clerk's desk, but I do not intend to offer them. This is the last amendment I shall offer and probably is the last time I will be speaking on the pending legislation. So I hope I will have an opportunity to explain this.

Mr. Chairman, this is a rather long amendment, but it can be explained very briefly, I think. It is an amendment to section 6, which deals with the development loan fund. What it would do is this: It would require that whenever the administrator or the manager of the fund contemplates undertaking a particular transaction, before that transaction can be put into effect notice of the transaction must be published in the Federal Register and a 60-day waiting period provided to enable any private business or private enterprise to participate in the transaction, if it so desires. In other words, it is just an assurance that under no circumstances will it be possible for the fund to engage in an operation to the exclusion of private business whereby private business, if it knows about the proposed transaction, would have been able to take it over and participate itself.

That is the purpose of the amendment. That is what it does, very briefly and basically.

There are some objections to this, I know. For example, people will say that there is already adequate assurance written into the bill pending before us that private enterprise has an opportunity to participate, but I do think that if we write in some additional checks on the executive branch in this respect it would be highly desirable.

For example, let us assume that the present administrators of ICA may be firm believers in private enterprise but, Mr. Chairman, I think the extent to which private foreign investment should be encouraged should not be determined just by the men who happen to be administering the program but rather by the law as it is written by the Congress. I think this amendment would make the intent of the Congress clearer than ever before. I think it would, therefore, provide additional and continued direction to the executive branch to encourage private foreign investment.

Mr. RIVERS. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from South Carolina.

Mr. RIVERS. Is it the design of the gentleman's amendment to cut out favoritism and encourage competition?

Mr. BENTLEY. That is right, and specifically to encourage private enterprise wherever possible.

There is one paragraph of the amendment which I might repeat, that is, that if the ICA had made any studies of a project abroad for the purpose of de-

termining whether or not the Government was to participate in this particular project, if private enterprise showed an interest then those studies would have to be made available to the private concern in order that it could determine whether or not it was interested in getting into this particular project.

There has also been some objection with regard to the 60-day delay, but I think the committee should remember in the first place that many of these countries where this fund will be operating have been poor for a great many hundreds of years. Secondly, let us remember also that the period usually between showing the first interest in a project and actually beginning the project is around 1 to 2 years, and a mere 60-day waiting period, 2 months, should not be very important.

Further, there should not be any delay in initiating this project by reason of this amendment, if adopted, if the ICA will come out and announce the project well in advance of the expected date of finalization.

I will be glad to answer any questions about this amendment.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Oregon.

Mr. PORTER. The 60-day period starts running after the ICA decides to make the loan?

Mr. BENTLEY. The 60-day period runs from the time that notice is given in the Federal Register.

Mr. PORTER. After they have decided it is a good loan?

Mr. BENTLEY. After they have decided it is worthy of participation, yes.

Mr. PORTER. Then it would not slow up any particular project because they could go ahead and plan it, and use the money from ICA or private enterprise?

Mr. BENTLEY. The gentleman is exactly right.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Ohio.

Mr. VORYS. Does the gentleman have any objection to letting the House have the benefit of the answers that the three officials who are to be the loan committee gave to him? I will cooperate with him in that I have been furnished copies of those and would be glad to read them if he has no objection.

Mr. BENTLEY. I will say to the gentleman I only have correspondence here from Mr. Hollister and from Mr. Vance Brand, the Director of the Export-Import Bank. I do not have anything from the State Department.

Mr. VORYS. Mr. Hollister's letter concludes:

Mr. Dillon, Deputy Under Secretary for Economic Affairs, associates himself with these views.

Is not that correct?

Mr. BENTLEY. That is quite correct. I will be glad in the time remaining to me to read probably the pertinent part of Mr. Hollister's letter, in which he says my amendment would delay the opera-

tions of the fund, create confusion both here and abroad, and hamper the effectiveness of the fund without producing appreciable results.

[Mr. CARNAHAN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it seems to me the gentleman must entirely misunderstand the way it is hoped that this loan fund will operate. This amendment requires that any operation or transaction involving the fund must be published in the Federal Register for 60 days before any commitment is made. Would a conversation with a banker or some economist or a cabinet official from another country not be a transaction? Would they have to publish that? Often one of these things starts out big and during the conversation they bring them down to size. What we are hoping is going to happen is that they will get up long-range plans. They will come to this loan fund, let us say, for \$25 million and the officials of the loan fund may say, "Gentlemen, what you need is to take \$10 million of that through bank financing in the United States—\$10 million, let us say, through the Export-Import Bank and if you do that and carry out the integrated plan, we would come in for the last \$5 million of it." It seems significant that the three officials who this committee right this afternoon has voted should be the loan committee on this fund oppose this amendment.

The following is a letter from Mr. John B. Hollister:

JULY 12, 1957.

HON. ALVIN M. BENTLEY,
House of Representatives,
Washington, D. C.

DEAR MR. BENTLEY: This is in response to your request for my views on your proposed amendment to S. 2130 to secure participation by private enterprise in fund operations.

I am in complete sympathy with the purpose of the proposed amendment to assure that Government funds are not used to finance projects for which private capital might be available. That this is the view of the administration is proved by section 202 of the proposed legislation which provides that in making loans from the development loan fund the Administrator will take into account whether financing could be obtained in whole or in part from other free world sources on reasonable terms. In addition it has been made clear in testimony explaining the proposed development loan fund that we would make every effort to encourage the development of the private sector of the economies of the countries we wish to help.

I do not believe, however, that the procedure proposed in your amendment would be an effective means to this end. Many projects likely to come before the fund will not, as a general matter, lend themselves to private equity or loan financing. I have in mind such projects as expansion and improvement of roads, harbors, irrigation works, reclamation, flood control, and the like. In the case of such projects the procedure set forth in the proposed amendment would have no value. In the case of other projects that might be of interest to private investors, an alert management can use a variety of techniques at various stages in its consideration of projects to inform and sound out the

investment community and to invite and encourage their participation.

Both the International Bank and the Export-Import Bank have been successful in securing private participation by a variety of informal approaches. The publication of projects in the Federal Register followed by a waiting period to see if the investment community is interested would, in my view, significantly delay the operations of the development loan fund, create confusion both here and abroad and thus hamper the effectiveness of the fund, without producing appreciable results.

Mr. Dillon, Deputy Under Secretary for Economic Affairs, associates himself with these views.

Yours very sincerely,

JOHN B. HOLLISTER.

Here is what the Export-Import Bank says:

EXPORT-IMPORT BANK OF WASHINGTON,
Washington, D. C., July 11, 1957.
The Honorable ALVIN M. BENTLEY,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN BENTLEY: We have been advised that you would like to have the views of Mr. Waugh pertaining to your proposed amendment to S. 2130. Mr. Waugh is out of the country at this time and I take the liberty of responding.

As you know, the Export-Import Bank has always taken very seriously the mandate of Congress that it shall not compete, but on the other hand shall supplement and encourage private capital. Actively pursuing this policy the bank many years ago established a separate operating division within the bank. This division is known as the private capital division and it has no responsibility except constant negotiation with private capital. In addition, the directors of the bank, the officers and the staff of the bank are constantly striving at all times to encourage private capital.

During the past year Mr. Waugh, together with other directors of the bank and officers and staff of the bank, met at various meetings throughout the United States in 10 of our Federal reserve districts with businessmen, banks, investment houses, insurance companies, and others interested in transactions abroad. Generally, these were 2-day meetings and we demonstrated the various techniques available to encourage private capital to increase its activity in the foreign markets.

This morning we received the report of the Committee on Foreign Affairs and note the establishment of a loan committee and that the President and Chairman of the Export-Import bank is to be a member of this three-man committee. In relation to your proposed amendment we believe the portion of the report found on page 23 is particularly significant, as follows:

"In deciding whether a proposed loan meets the standards laid down by the act, the loan committee will determine whether either private capital, the Export-Import Bank, the International Bank for Reconstruction and Development, or any other free world source is available and whether the proposed loan will have adverse effect on existing outstanding loans and future operations of such other sources in addition to passing on the requirements for the specific project or activity."

It clearly appears that if the House amendment is adopted the president of the bank, as a member of the loan committee, will always have at hand the advantages of the day-to-day operations of the bank's private capital division.

Personal and professional contacts with private capital during negotiation of a proposed loan are, in our opinion, more effective than the technique proposed in your amend-

ment. Private capital sources sometimes take over during negotiations. On other occasions, private capital can and does participate by purchase after a loan has been consummated but we feel that any fixed procedure delaying the transaction for the period suggested by your amendment after all the terms and conditions have been agreed upon and published might deter rather than encourage the desired participation.

While the bank always welcomes every opportunity to further private enterprise it occurs to me that you may determine, in consideration of the facts outlined above, that the proposed loan committee will be in a position to adequately determine whether private capital is available in any particular operation or transaction being considered by the fund.

The other members of the board of directors of this bank concur with me.

Sincerely yours,

VANCE BRAND, Director.

Mr. PASSMAN. Can the gentleman state whether or not Mr. Hollister is for this program?

Mr. VORYS. Yes.

Mr. PASSMAN. Does the gentleman know that? Does he have any record of it?

Mr. VORYS. Yes.

Mr. PASSMAN. Well, I have a record that is just the opposite.

Mr. VORYS. We have got him before our committee. He brought up the pamphlets advocating this development fund.

Mr. PASSMAN. He may endorse the administration's program. I am speaking of his personal views.

Mr. VORYS. I have told you that off the record and on the record and officially before the committee he has endorsed it.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. BENTLEY. I just want to say that I think the House is agreed that this project should be handled by private capital. I do not see anything wrong with the House strengthening that thing.

Mr. VORYS. And by putting in this bureaucratic technique of 60 days public notice of transactions and operations when no one knows what you mean by operation or transaction. The amendment is hampering private industry and certainly hampering the fund. I hope the amendment will be defeated.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was granted permission to revise and extend his remarks.)

Mr. GROSS. I know of no reason why we should get in a hurry on this bill. Those of you who vote for it are going to have to live with it for a good long time, at least the taxpayers are. This is about the last opportunity to speak on this so-called loan-development fund. It does not make much difference if it is limited to 1 year instead of 3. The big foot is in the door, and you are not going to stop it in 1 year. By establishing this alleged loan fund at all you

have simply voted another gouge upon the taxpayers of this country.

We have heard this afternoon about all the wonderful allies we have bought with the \$70 billion extracted from our taxpayers and scattered all over the world during the last 10 years. Let me ask you how many friends we had in Korea, where we lost between 33,000 and 35,000 dead—I said “dead”—and another 100,000 wounded. Where were all of those friends that we had already “loaned” or given billions of dollars before the war in Korea? Will some of those who tell us we are now buying so many friends go on record and say the situation would be any different if the chips were down tomorrow or next week? Before the Korean war we had already made a \$4 billion loan to the British, exclusive of everything else we have given them; a loan they have scarcely begun to pay back, and some of you voted a short time ago to postpone payments until 2008. Do you know how many dead the British left in Korea? At the last figure it was less than 600. Do you know how many dead all of our so-called allies including the British left in Korea? Do you know how many? The last figure I had was between 1,900 and 2,000.

Let us take a quick look at Indochina and the French, some more of our wonderful allies upon whom we have spent billions. They did not show up in Korea. The French fought communism in Indochina with the Foreign Legion. This was composed substantially of German war veterans. When the Foreign Legion was decimated that was the end of the French fight against communism in Indochina. They never drafted a single Frenchman and sent him over to Indochina. That is how far they have been prepared to go when the chips are down; when Communist aggression takes the form of war.

That is how far most of these allies are prepared to go; and yet here today, and last year, you are willing to vote billions of dollars, hand it out indiscriminately, cast the bread of the American taxpayers on the waters; and what are you getting back?

Mr. FULTON. Mr. Chairman, will the gentleman yield for an answer?

Mr. GROSS. I will yield to my friend from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Will the gentleman agree that the main point made in the argument against the pending Bentley amendment seems to be that it might slow up the shoveling out process by a few days?

Mr. GROSS. The gentleman is correct.

I now yield to the gentleman from Louisiana [Mr. PASSMAN].

Mr. PASSMAN. One brief observation. I think these things should be brought out. I did not mean to offend the gentleman from Ohio. I do not think he will be able to find anywhere in the record where Mr. Hollister said “I am for the development loan program.”

When Mr. Hollister appeared before our committee he said: “I am representing the administration.”

If the gentleman can show me any place where Mr. Hollister said “I am personally for this type of program” I would like to have it so that I can correct the record.

Mr. GROSS. Let me just say by way of conclusion that you can grab billions of dollars out of the pockets of the American taxpayers if you want to by these questionable practices in which you are indulging, but I am not with you, not for 1 second.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman from South Carolina who has always offered this kind of financial insanity.

Mr. DORN of South Carolina. Is there any assurance that this money is going to buy us friends any more than the \$11 billion we sent to Russia bought her?

Mr. GROSS. Of course not.

The CHAIRMAN. The time of the gentleman from Iowa has expired, all time on this amendment has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 87, noes 117.

So the amendment was rejected.

Mr. SMITH of Wisconsin. Mr. Chairman, I move to strike the last word.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, I apologize to the committee for again coming down to the well this afternoon, but I do not think that this debate should not close without calling attention to what I consider one of the most important sections of this bill. I refer to subsection (b) on page 8.

Mr. Chairman, this, in my opinion, is the greatest grant of power authorized in any bill I have ever seen come to the floor of this House. Here is the language to which I refer:

The President is authorized to make loans, credits, guaranties, or to engage in any other financing operations or transactions—

And this is the important part of the section—

to or with such nations, organizations, persons, or other entities and on such terms and conditions as he may determine.

If that is not a blank check to do anything, then I do not know what a blank check is.

Let us assume for the sake of argument that this movement that is now underway to admit Red China into the U. N. becomes a fact—and, by the way, there is no limitation or prohibition on the part of the President to direct all this money through the United Nations—what if it was decided that Red China was an underdeveloped nation? This bill authorizes the President to spend it to assist Communist China. Does it sound fantastic? Of course, it does. But it seems to me, Mr. Chairman, that this is a matter that should have had more serious consideration by our committee. I can find nothing in

the record, in the testimony, or in the presentation which endeavored or which attempted to explain just what this provision does. It just opens the door to do anything that the President might want to do.

When we reach that point in handing out or ladling out American dollars, it seems to me that we ought to be censored for being so careless in our approach to this legislation.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Regardless of who the present occupant of the White House may be, or who may occupy it in the future, if this is adopted we set a precedent that opens the door for any future action, do we not?

Mr. SMITH of Wisconsin. Yes, there is no doubt about that and I might say in conclusion that if the previous administration had come to the floor of this House with such a request, I can imagine the kind of protest we would have heard from our side of the aisle.

The unwarranted grant of power is further evidence that this body has lost all control over the funds provided herein and this particular provision should be struck from the bill.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 17, immediately after line 3, insert the following:

“SEC. 207. Latin America. In furnishing assistance under this title, special consideration shall be given to the needs of Latin American countries, and organizations, persons, or other entities therein, which adhere to the charter of the Organization of American States, with particular reference to article 5 (d) thereof, which states that ‘the solidarity of the American States and the high aims which are sought through it require the political organization of those states on the basis of the effective exercise of representative democracy.’”

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, this is a mutual security bill, and it is pretty plain what “mutual” means. It means the nations of the free world are uniting for their security against the slave nations of the world. We know that free nations do not all have free peoples, but we do know that all slave nations have slave peoples. It is pretty clear who is uniting and against whom we are uniting. It is not so clear what we are seeking security for. Do we have security just for the sake of security, or do we have security for some other purpose? Is it the security of a grave? Is it the security of a prison or the security of a concentration camp? No. It is the security for human rights and for democracy. Fostering democracy, I suggest to you, is the way to meaningful security. This “liberty” carved in wood on the Speaker’s desk is not just freedom of the Nation; it is freedom of the individuals who make up that Nation.

Although I have misgivings about the administration and the lack of sufficient

congressional control, my present intention is to vote for this bill. The hardworking and able committee has never considered, so far as I know, two amendments I intend to offer. This amendment simply provides that special consideration will be given to those Latin American countries who are striving for "the effective exercise of representative democracy." That quotation comes from the charter of the Organization of American States. All I am saying is that when we spend this money, we should spend it in accord with this principal treaty.

The first draft of the amendment at hand stipulated that Colombia and Argentina should have priorities. Both nations recently threw out dictatorships. Both face bankruptcy even though they are rich in natural resources and their people are hard working, upright, and able. The dictators are gone, but the aftermath of their greed and waste threatens the emerging democratic governments.

Now, the President in his message presenting this bill to the Congress said that he wanted the money used wherever it made a critical difference. That was his phrase, "critical difference." This amendment seeks to promote this policy and to call attention to the importance of the critical difference between democracy and despotism for the mutual security of the free world.

Is giving priority for benefits to democratic Latin American nations in need a departure from our traditional policies? Of course it is not. As I pointed out, it is in the charter of the Organization of American States, which says in so many words, in article V of the preamble:

The true significance of American solidarity and good neighborliness can only mean the consolidation on this continent, within the framework of democratic institutions, of a system of individual liberty and social justice based on respect for the essential rights of man.

Certainly, those are policies that are well settled.

You may ask, if it is so well settled, why do I bother to bring it up here?

Will not our Government have it in mind as it administers the mutual security program in Latin America? The answer, I regret to say, is very likely that it would not. My reason for saying this is my experience in the last few weeks here in Washington, and in Puerto Rico, Costa Rica, Colombia, and Panama. The adoption of this amendment, I am confident, would send an electric shock of encouragement to the peoples of Latin America. They have felt—rightly in my opinion—that the people of the United States are on their side in their struggle for democracy, but our neutralistic governmental policies have made them wonder. It is most opportune that this Congress should reassure them. The carrying out of this amendment would mean that the President's wish, and your wish, and my wish that these funds be spent where a critical difference can be made, would be satisfied.

This House, by adopting this amendment, may well be tipping the scales for democracy over dictatorship in Colom-

bia and Argentina, and no doubt in other fine nations in Latin America where a crisis of this sort exists or may come into being in the near future.

I do not talk to you about people who are in jail, or families that are split, or these other situations that come about under governments that are based on terror and greed. I talk to you about security, and I say that our security demands that we have with us in this fight against communism those who have the same ideals that we have and that we should use these funds to promote democracy in Latin America.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. JACKSON. Mr. Chairman, I rise in opposition to the amendment.

(Mr. JACKSON asked and was given permission to revise and extend his remarks.)

Mr. JACKSON. Mr. Chairman, I do not know what great experience the gentleman from Oregon has on which he bases his comments relative to Latin America. But if I may be excused a personal reference in that regard I might say that since I was a private in the United States Marine Corps in 1927 I have lived in and out of and around and through Latin America and I do not yield to anyone either in my respect for Latin America, my belief in the fundamental goodness of its people or in my dislike of dictatorships.

However, I find it very difficult to make the fine distinction made this afternoon by the gentleman from Oregon who evidently recognizes no difference between the furnishing of American aid and assistance to a murderous tyrant by the name of Tito on the one hand and the recognition of our responsibilities to the other Republics of our own hemisphere on the other, countries which unfortunately in several instances today follow practices which we do not hold to be the true measure of democracy as we Americans understand the term.

If you will think back to the 1920's you will recall that at that time we undertook to police the Western Hemisphere to judge the merits of its political forms and of its leaders. It has taken us decades to build up some measure of respect and understanding throughout the Republics of the Western Hemisphere as a result of our national conduct during that era. For all of those years we have been trying to work in harmony and understanding with the sister republics throughout the hemisphere to the end that residual distrust, misunderstanding and hatred might be dissipated.

In the first place, the internal affairs of our sister republics in Latin America are their own business. They are no business of ours. There is an organization, the oldest regional groupment in the world today for mutual understanding and for collective security. The collective effort is symbolized by the Organization of American States, and every one of the republics in this hemisphere has taken a solemn obligation and made a solemn commitment to observe certain fundamental principles, not the least of which is political self-determination.

The gentleman has quoted from article 5 (d) of the charter of the Organization of American States. It states:

The solidarity of the American States and the high aims which are sought through it require the political organization of those states on the basis of the effective exercise of representative democracy.

That is true, and a goal highly to be desired. But let us go further and read what the charter of the Organization of American States says on the question here involved. Article 15 of the charter states:

No state or group of states has the right to intervene directly or indirectly, for any reason whatsoever, in the internal or external affairs of any other state.

The foregoing principle prohibits not only armed forces but also any other form of interference or attempted threat against the personality of the state or against its political, economic, and cultural elements.

I say again, Mr. Chairman, that every republic in the Western Hemisphere is signatory to that agreement, and adoption of the pending amendment would be a violation of the letter and the spirit of the charter.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield to the gentleman from Oregon.

Mr. PORTER. May I inform the gentleman that I certainly agree there should not be intervention, but the purport of this amendment is only to carry out our own policy of mutual security by favoring those nations where a critical difference can be made and by giving priority of loans to nations like Colombia and Argentina where a difference can be made.

Mr. JACKSON. This question was exposed by the committee during its discussions on the bill. For instance, it was proposed that a certain sum be earmarked for Guatemala. In the wisdom of the committee, and I think it was entirely proper, it was decided that in the area of inter-American affairs where we are signatories to agreements no distinction should be made and no state should be singled out for either preferential or other treatment.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield to the gentleman from Connecticut.

Mr. MORANO. The gentleman spoke about Guatemala. If there is any country in Latin America that should receive some priority, if priority is to be given, it certainly should be Guatemala, which is the only country in the world which overthrew a Communist government and installed a democratic form of government.

Mr. JACKSON. I agree with the gentleman.

The world has recently witnessed two tremendous and significant demonstrations, heartening demonstrations, as far as Latin America is concerned in Argentina and Colombia. In those lands men with an appreciation for and a yearning for political freedom rose in arms against oppression. They met their challenge out of their own regard for liberty and not because a foreign power urged them

to action. The problems, political, economic and social, of Latin America are not going to be solved by our undertaking again, in the light of our previous experience, to police the Western Hemisphere. We should have learned, as I am certain we have, a practical lesson in self-restraint.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I want to compliment the gentleman from California [Mr. JACKSON] on his statement and associate myself with his remarks. We who have been working for years on the House Committee on Foreign Affairs know that we in Congress cannot and should not go into other countries in Latin America and try to forment one side against the other, nor can we choose between sides in friendly nations and republics.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had not intended again to speak, and I shall speak briefly. I appreciate the good motivation and the sincerity of the gentleman from Oregon. I also appreciate the feeling in Latin America, and that goes back to my boyhood there. That was the period when someone had said that where the banana grows man is incapable of self-government. That was not true, of course, but it was typical of much that was being said and written reflective of our neighbors to the south. Naturally it was resented. Our neighbors to the south are a proud and sensitive people. Let us accept them as partners with us in building sound, representative governments in all nations of the Americas. There are many organizations working to that end, including the Inter-American Bar Association, composed of lawyers of the American Republics who work together with high purpose for hemispheric amity and sound representative government. I am fearful that if we set ourselves up as judges of our hemispheric neighbors, taking to ourselves the privilege of saying which is better than the others, which we would favor because we liked the most, we might end up with the sincere trusting friendship of none. The road to perfect government of, for, and by the people is long and hard. We ourselves have not attained it to the degree we wish, since even in a presidential year great vital issues do not reach the interest of the many who do not vote. But always we are making progress. The same is true in the nations to our south. We will attain the goal of our desire, democratic representative government in its purest expression in all the republics of our hemisphere as we work together in understanding and mutual helpfulness.

Mr. ANFUSO. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there has been a lot of talk here about what kind of dictators we should support. The distinguished gentleman from Oregon, [Mr. PORTER] feels that it is all right to support the Communist dictators, Tito and others, but not those dictators whose countries are definitely allied with the United States; namely, Venezuela, Cuba, Nica-

ragua, the Dominican Republic, Spain, and Portugal, all of which are anti-Communist.

Now, ever since the gentleman from Oregon [Mr. PORTER] came to the Congress, I have had the highest admiration for him. When he espoused the cause of his constituent Gerald Lester Murphy, I could not help but sympathize with him in the matter.

I felt then, as I feel now, that he should not allow his emotions to warp his judgment. At that time he criticized District Attorney Frank S. Hogan of New York County, one of the most honored and fearless prosecutors in this country. He also found fault with the State Department, the Federal Bureau of Investigation, the New York City Police Department, and with everyone and anyone who disagreed with him concerning the handling of the Murphy case.

Now, with this amendment, our colleague will only achieve this: He will sever us from friendly nations who are joined with us in the struggle against communism.

Only last week, a high government official in Puerto Rico wrote to me in connection with Congressman PORTER's recent visit there. In his letter this official wrote that the gentleman from Oregon [Mr. PORTER] was stirring up trouble in Puerto Rico and that he had criticized the president of the bar association, Judge Luis A. Polo, and its entire board of directors, for not permitting him to speak in the bar association building because he was going to discuss political matters.

This official wanted to know whether Congressman PORTER was acting in an individual capacity or whether he was speaking for the Congress of the United States or any committee of Congress. The official was disturbed over the fact that Mr. PORTER's actions were not in accordance with the foreign policy of the United States and that such actions were giving aid and comfort to our enemies.

On July 9, 1957, I wrote to this official as follows:

Whatever Congressman PORTER has done or attempted to do, I assure you, has been strictly on his own and without the sanction of the Congress of the United States or other Members. This opinion is shared by other Members of Congress with whom I talked.

As you well know, Congressman PORTER has been critical of the State Department and other agencies of government because of their policy toward the Dominican Republic, which he accuses of being responsible for the death of his constituent, Gerald Murphy. No one questions his right to make every inquiry possible to determine the facts regarding this case. Many of us, however, are not ready to sever relations with other friendly countries even though they may be dictatorships, unless a justifiable case is first made. This is true because in our fight against communism we need all the friends we can possibly get.

Congressman PORTER must determine for himself whether the cause he espouses justifies the stirring up of trouble in neighboring countries, and more particularly in the Commonwealth of Puerto Rico, which is part and parcel of the United States.

It is my opinion, Mr. Chairman, that any Member of Congress who speaks on foreign policy must be extremely careful that any statement he makes can-

not be grasped and twisted by Communist elements to the detriment of the United States.

Last Tuesday, July 16, I received a cable from the aforementioned official in Puerto Rico informing me that the bar association voted almost unanimously to uphold the decision of its president and board of directors. Certainly, this action does not support the contention of the gentleman from Oregon, Congressman PORTER, in Wednesday's RECORD.

Aside from the facts which speak for themselves, I think the gentleman from Oregon is a bit rash in his statement where he charges that United States policy is fostering dictatorship in the hemisphere. I cannot agree with him.

I should like to ask my friend from Oregon, when he says we should not aid dictator governments, whether he would also advocate that we sever relations with Portugal, a member of NATO, or with Spain, both of which are considered dictatorships. Would he prefer to have Portugal and Spain against us? Would he prefer that whatever defense bases we have in those countries be turned over to our enemies?

And, further, when he speaks of Venezuela, Cuba, Nicaragua, and the Dominican Republic, would it be in the best interests of the United States to drive these countries into the arms of Soviet Russia, enabling her to establish bases there and bringing the enemy closer to our shores?

I wonder, seriously wonder, whether the gentleman from Oregon, Congressman PORTER, has given due consideration to all these matters which affect the very life and future of the United States, including his beloved State of Oregon.

Mr. Chairman, for these reasons I am opposed to the amendment of the gentleman from Oregon and urge that it be defeated.

(Mr. ANFUSO asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment, and all amendments thereto, close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment. Priorities established by law now may be made undesirable by events in the next few months. It is therefore advisable that the executive department should have flexibility to make adjustments. I am deeply concerned that the dangers of communism are not fully recognized by some individuals, editorial writers and even some of my colleagues in Congress. At times it even appears that some people in the executive department are confused on this issue.

I do not want to get into a major foreign policy discussion at this time. Neither is it my intention to criticize the foreign policy of this administration. It is difficult to understand just what the foreign policy is at times because it seems

to oscillate and there does not appear to be a sharp line which can be understood and recognized. Unfortunately, we do not have a Monroe Doctrine type of foreign policy which would serve as a shining beacon in the world for everyone to know and understand at all levels.

Our enemy is communism wherever it may be and to state that the Western Hemisphere is not vulnerable to the tide of communism, or that the Kremlin does not have its designs on the Western Hemisphere, Central, and South American countries, one only has to remember the recent Communist attempts in Guatemala. Therefore, I say it is unfortunate that we have some who advocate softness and comradeship with the butchers.

When will we learn to remain firm, strong, and prepared, not only on our shores, but in Europe, Asia, Africa, and including our allies and friendly nations to the south in the Western Hemisphere? We must not wait until it is too late when the Russian bear clamps his ugly paw on our Latin American neighbors. The United States suffered a loss of face in Hungary; I am sure no one would argue but that we lost in Egypt. We have lost in the Orient. Under Monroe there was doctrine. Today we have docility. Let me illustrate. We have found it easy and to our welfare to deal with Franco of Spain, Tito of Yugoslavia, Nasser of Egypt, each absolute in his power. Yet, who was the last to get recognition? It was Franco, the greatest enemy of communism of the three. When a head of state is definitely anticommunistic, he at once becomes a target for some American editorialists, often for the State Department, and, lamentably, for some Member of the Congress. If he is pro-communistic, he gets loans and the red carpet because we have to win him over to our side.

I am disturbed over the course some apparently would have us pursue in the Western Hemisphere. I refer to the hysteria provoked against certain countries, particularly the Dominican Republic, the only nation which during World War II was found friendly, stable, and suitable and a base upon which to build and operate our line of defense for the Panama Canal. Before the United States officially recognized the danger of communism, the Dominicans and many others in the Western Hemisphere fought the Communist tide.

We ought to go out into the world to preach revolt against communism; and I would hope that if the fire caught hold, there would be more to the effort than Hungary felt.

Mr. Chairman, we are expending billions of hard-earned dollars extracted from the American taxpayers for the sole purpose of building strong forces against communism. Let us not weaken ourselves at the same time here in this hemisphere, because, as Monroe preached the doctrine of keeping Europe out of the Western Hemisphere, so must we preach the word that communism cannot and will not be tolerated in this hemisphere under any conditions.

The foreign policy of the United States should be a single-purpose one—to de-

fend this Nation, this hemisphere, and the Christian world against communism.

In my opinion this amendment would hamper and prevent adequate defense against communism.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. MULTER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Oregon.

It is hard to believe that the same gentleman who offered the pending amendment and spoke in support of it is the same gentleman whom I heard speak and vote against an amendment to prohibit aid to Yugoslavia. Possibly he has his reasons for favoring Communist dictators and opposing Latin American dictators. Whatever they may be, they are unimportant as to the principles involved.

It is beyond me how one can oppose aid to the Latin American countries, not one of which can be counted in the Communist column, and every one of which can be counted as our friend and ally, and on the same day urge aid to Communist-dominated countries.

I am not too much disturbed by inconsistencies of Members in attempting to sustain their contradictory positions with reference to legislation. I do get concerned when during the course of their speeches, they make irresponsible reflections upon countries, upon peoples and upon agencies of our own Government.

The author of the pending amendment inserted in the CONGRESSIONAL RECORD of July 15 a speech which he entitled "United States Foreign Policy in Latin America." In that speech he belittled the fact that the Dominican Republic has been and still is a place of refuge for persecuted Jews.

According to his own statements, he has never been to the Dominican Republic and has rejected the invitation to go there and see for himself what is going on there.

I have been there. So have other Members of this House. While I prefer our form of government to that of any country which resembles a dictatorship, I was pleased with what I saw there and what I learned there. I will confine these remarks, however, to treatment by the Dominican Republic of persecuted Jews.

It was the first country to offer refuge to Hitler's persecutees.

Its doors have been open ever since to all refugees except Communists. More recently, it made plain that its open-door immigration policy still prevails when it invited Egyptian refugees to come and settle there.

After my visit to the Dominican Republic, an eminent editor of one of the largest Anglo-Jewish newspapers in the world, visited the Republic. I refer to Arthur L. Jacobs, who, upon his return to this country, wrote a series of articles which appeared in the Day Jewish Journal on April 26, 1957, April 30, 1957, May 1, 1957, and May 2, 1957. I commend these articles to the attention of all who may be interested. They read as follows:

JEW IN THE DOMINICAN REPUBLIC TODAY AND 400 YEARS AGO

(By Arthur L. Jacobs)

ARTICLE I

Much has been written and said lately about the Dominican Republic, the little country which occupies something more than half of the Caribbean island of Hispaniola. Most of it has been derogatory comment on the political aspects of life there during the past quarter-century. But this is no political analysis of the island republic, at least not in the usual sense. To most Jews, the word "politics" has too often meant, "Do I live or die?" In this respect, the Dominican Republic has meant life to the Jew. A little history will explain why.

In 1938, President Roosevelt of the United States called a conference of 38 nations to consider the plight of Jewish refugees from Hitler and to find homes for the thousands who were desperately seeking a place to live. Most of the countries at the conference found one reason or another not to open their borders to these refugees. A few grudgingly permitted a handful to enter. Only one nation threw open her doors without limitation. This was the Dominican Republic, whose then President, Generalissimo Rafael Leonidas Trujillo, offered all Jewish refugees complete freedom to take asylum on her soil.

The Dominican Republic in 1938 was a relatively poor country, a land which had for over 100 years herself suffered the ravages of revolution as well as invasion. Nevertheless, while other countries which had long enjoyed the comforts of democracy and freedom found it convenient to forget their moral obligations to the miserable and impoverished refugees from the scourge of Hitlerism, Trujillo and the Dominican Republic did not. As a result, some thousands of Jewish refugees obtained Dominican Republic visas—visas which Hitler's minions respected—and with them managed to save their lives. Tragically, many thousands who also could have been saved in the same way did not get them.

The attitude of the Dominican Republic to Jewish refugees is not a matter of chance, or one that was assumed for the first time 20 years ago. Not long after Christopher Columbus had made his first landfall on Hispaniola, the island on which the Dominican Republic now stands, Spanish and Portuguese Jews were driven from their homes on the Iberian peninsula by the dread scourge of the infamous Inquisition. Many of them, even those who had forsaken their faith and become marranos, fled to Holland. Others, inspired by the discovery of the New World, set out to find new homes in South America. Many came to Brazil, particularly to Pernambuco, now Recife. Among them were the flower of Spanish and Portuguese society, people skilled in science and the arts, but now refugees from the vengeful and vindictive arm of the Inquisition.

The Jews who came to Brazil 400 years ago reestablished themselves, built new homes and careers. But the Inquisition soon reached out for them in the far-off New World. In a few years, they were again on the run, uprooted, homeless. Taking with them their sick and aged, their pitiful belongings and their hopes, they turned northward in flight. Some went to Mexico, others to the West Indies and the southern United States. A goodly number found a welcome refuge on the island of what was to be, one day, the Dominican Republic.

Some 400 years later, the first Jews to find a haven on this hospitable island were joined by another group of Jews who were fleeing the Inquisition of the 20th century. Rosenzweigs and Herzbergs, Neuhauses and Strausses, Cohens and Phillips joined the Pexiottos and Nunes, the Lopez-Penhas and Pechardos, the Henriques and the Salas. The

names were different and the dates were different, but nothing else had changed. Jews running from destruction had joined Jews who had run from destruction centuries before. With diverse backgrounds in time and culture and even language, they differed not at all in what they fled from and what they sought: a haven from torture and oppression and death. The answer was the Dominican Republic.

What kind of country is the Dominican Republic then? It shares, with Haiti, the island of Hispaniola in the Caribbean Sea. It is 5½ hours by air from New York, 3½ from Miami, flying southeast. It is rich in agriculture, producing 2 or 3 crops yearly of bananas, coffee, cocoa, rice, coconuts, tobacco. There are such minerals in abundance as iron, bauxite for aluminum, oil, salt, asbestos. While in the century before Generalissimo Trujillo came to power there has been 88 revolutions in the country, now life was tranquil. All external debts had been paid, and a favorable balance of trade established due to greatly increased exports. And, though the condition of labor does not approach that in the United States, the Dominican Republic does boast the 8-hour day, social security, severance pay, and sickness insurance. Education is compulsory and illiteracy is being wiped out, with half a million students in the schools. The university, oldest in America, gives degrees in medicine, engineering, agriculture, pharmacy, veterinary medicine. The colleges have improved so that the rich families in the Republic who formerly sent the children out of the country for an education, today are educated in the Republic and leave the country for advanced work in order to improve the colleges at home.

In this atmosphere, the Jews who came yesterday as well as the Jews who came over 400 years ago have prospered. They have watched joyfully as the Dominican Republic voted promptly in 1947 for the creation of the State of Israel and then, a few months later, was one of the first after the United States in recognizing the new state. As citizens of the Dominican Republic, they have long since justified their admission into the country. Among the old Jewish families, many have achieved prominence. Gaimé Lopez-Penhas, head of an ancient family, was in charge of the settlement of refugees. His sons-in-law, the Trancosos, have served as Secretary of State and Ambassador to Israel. Henriques De Marchena was Secretary of Foreign Affairs, is now head of the delegation to the U. N.

Of the more recent immigrants, the Hungarian Jew, Gen. Alexander Kovacs, is in charge of armaments in the army and Benjamin Payevonsky, a Litvak, was Director General of Immigration from 1948 to 1951. Many, many others have done well in business.

After a number of interviews with Jews in the Dominican Republic, one cannot but be impressed by their enthusiasm for their new land. Freedom of worship and the clear right to earn a living have made them grateful to the country and its leaders. Generalissimo Trujillo has said that all America should be a refuge for the persecuted Jewish people and that his greatest satisfaction is that he has been able to accomplish so humane a purpose for them. No Jew has been made happier by this attitude to his people than Baruch J. Rosenberg who came to the Dominican Republic 20 years ago and has prospered since as a hotelkeeper in the cities of Ciudad Trujillo and Santiago. In response to a question as to what had most impressed him in his new land as a refugee from oppression in Europe, he answered, "Here I can shout from the housetops, 'I am Rosenberg'."

The problems of the Jews who came since 1938 in the Dominican Republic today and

number about 600 are many. Can they continue as a Jewish community and maintain their Jewish faith? They fear they will lose their identity if not joined by more co-religionists. These matters will be dealt with in later articles.

THE DOMINICAN REPUBLIC: JEWS ON THE LAND AND IN THE CITIES

(By Arthur L. Jacobs)

ARTICLE II

As a result of the international conference held in 1938 to deal with the plight of Jewish refugees from Hitler, a new organization called the Dominican Republic Settlement Association was established by James N. Rosenberg and fostered to the present day by Dr. Maurice Hexter. A subsidiary of the American Joint Distribution Committee, Dorsa, as it is called, immediately made a survey of locations in the Dominican Republic to find a haven for the Jews fleeing from Hitler's Europe. One of the sites that appealed to them most was Sosua in the north central part of the Republic.

On approaching President Trujillo, the Dorsa people learned that the site belonged to him personally. He had bought the land from the United Fruit Co., and had invested some \$100,000 in buildings, reservoirs, and other improvements with the idea of making Sosua his country estate.

On January 20, 1940, President Trujillo handed Sosua over to Dorsa as his personal gift to the refugees from the Hitler terror. "I am deeply interested in cooperating in a practical way with President Roosevelt's humanitarian plans," he said. "I hope the immigration of European refugees to the Dominican Republic will stimulate progress in our country and will intensify the development of our natural resources and industries."

Nor was this the full extent of President Trujillo's generous gift. His government exempted the Sosua community from the payment of all import duties. Clothing manufactured articles, machinery and parts, seed and fodder for cattle come in to Sosua duty-free. And, in another fine gesture, the President, with the warm approval of the legislative bodies, added a second gift, just as previous though not measured in money, the right of full Dominican citizenship for the settlers of Sosua.

Word of this opportunity held out to the homeless Jews of the world soon spread to every corner of the earth. Consuls of the Dominican Republic in Germany, Austria, France, Italy, Spain, and China gave visas from 1938 and thereafter to all Jews who sought to escape oppression.

Jewish nationals from every Western European country, from Poland and Russia, from North Africa, even 150 from Shanghai, China, journeyed across the seas to the new haven of hope. No nation, not even Hitler's Germany, failed to honor the visas.

It was Dorsa that found the capital needed for settling the refugees in Sosua. The organization built homes, water lines, roads, farm buildings, and dormitories. It supplied agricultural equipment, livestock, electricity. It taught the new settlers how to farm and raise livestock.

Of the thousands who reached Sosua, a great number remained a short while and went to the United States, South America, Mexico. Some who went to the United States soon returned to Sosua and are still prospering there. Oddly enough, there are five families at Sosua who came from Israel.

The words that President Trujillo spoke when giving Sosua to the Jewish refugees have proved prophetic indeed. A visitor to Sosua is left speechless with wonder at what he sees there. The settlement consists of 27,000 acres of land on the north of the island on which the Dominican Republic stands.

There are 6 miles of beach on the Atlantic Ocean, with forest and cultivated land stretching away behind it. The scenery is wild and beautiful, the land rich and yielding to the labor of loving hands. More than two-thirds of the settlement is used by the people of Sosua. The rest is windbreaks and rocky forest.

The Jews of Sosua have individual homesteads of 75 acres on which they raise cattle. The breeding of these cattle is carried on with the help of every scientific development available. Foreign strains are imported and bred to the native stock in order to raise finer animals, produce better beef, increase the output of milk, butter, and cheese. Experiments are carried on to improve the quality of grasses used to feed the livestock, either through research or by import. The results have been more than gratifying. The products of Sosua, butter, cheese, both native and cheddar type, cottage cheese, beef, are sold in the cities of the Dominican Republic. So high is the quality of the cattle which produce these products that Sosua has won more cups, medals, awards, and prizes than any other exhibitor at the annual fairs except the Generalissimo himself who is the leading cattle breeder on the island.

The annual production of farm products as Sosua, so far as this visitor could judge, is in the neighborhood of \$1 million. To cope with this immense business at Sosua, the homesteaders have set up a cooperative store and a cooperative bank. They have established a school for the children and a synagogue. There is even a resort hotel.

Homesteaders divide their working days between their own farms and the cooperatives. All the work, whether for oneself or for the community, is done with devotion and efficiency. There is a general feeling of pride in what the settlement has accomplished and determination to continue and improve on what has already been done. The future is ever in the minds of the settlers. The children, as is usual among Jews, are cherished. They receive a standard education at Sosua and then continue high-school training in other communities away from home. At Sosua, they receive as well regular instruction in Hebrew and Jewish history.

The hospital and clinic at Sosua provide medical services not only to the homesteaders but also to some 300 Dominicans who work for the community. These Dominicans receive wages higher than those paid in neighboring communities and are, therefore, the most skilled and productive workers in the Republic. So successful has the cattle breeding and raising been that Sosua has been obliged to rent nearby grazing lands to augment their own.

The pride of Sosuans in their accomplishments is more than justified. There are today 60 families, comprising 200 people, raising cattle in the Sosua settlement. These once penniless Jewish refugees are not merely earning their own way. They are paying back the loans made to them in the early struggling days by the American Joint Distribution Committee and Dorsa.

The most fascinating aspect of the settlement of Sosua is the people who have made it and who run it today. The head of the community, elected its president by popular ballot in open election, is Rudolph Hertzberg. In common with most of the other leading spirits of Sosua, he has a second job as manager of the cooperative bank. Acting as city manager is Eric Benjamin. He is also in charge of all social services. And the general manager of the cooperative is Walter Bloom. He is in charge of the general store, the meat cooperative, and the dairy cooperative.

THE DOMINICAN REPUBLIC: JEWS ON THE LAND AND IN THE CITIES

(By Arthur L. Jacobs)

ARTICLE III

Alfred Rosenzweig was elected last week a member of Parliament of the Dominican Republic from the Puerto Plata district which includes the Jewish settlement of Sosua. The overwhelming majority of the voters are non-Jewish. It is the first time that a Jew has been elected to the Dominican Parliament.

Representing Dorsa of the American Joint Distribution Committee is Alfred Rosenzweig. As administrator of that founding association, Rosenzweig has held his place in the community for many years and is one of the best-liked men in Sosua. Fiercely loyal to the community, and a model of fairness and judicial impartiality, he is admired by all the homesteaders who look constantly to him for leadership. These abilities of his he will now apply to his work in the Dominican Parliament. Among the most important of his duties is to act as liaison between Sosua and the various bureaus of the Dominican Republic. Obviously, the Dorsa administrator has hardly a moment that he can call his own. Now in his early 50's, one can be sure that Alfred Rosenzweig would not have it otherwise.

Until 1938, Rosenzweig was in the textile business in Vienna. In that year he escaped during the night and crossed the border from Austria to Czechoslovakia. From there he fled to Cuba where, as a foreigner, he was not permitted to seek work. Sick with typhoid and half-starved, he applied to the Joint Distribution Committee for admission to Sosua. He arrived in the community penniless and alone.

At about the time that Rosenzweig departed from Vienna, a Czechoslovakian Jewish girl, Anne, left her country for England where she, along with other suspect refugees from Hitler's Europe, was flung into a concentration camp. She too applied for Sosua and was admitted. At Sosua she met Rosenzweig. They were married there. A son, Fritz, is now 15, and, with 2 other Sosua boys, attends high school at Puerto Plata, some 20 miles away.

The story of Alfred Rosenzweig is duplicated many times at the community of Sosua and in Ciudad Trujillo. While he came from Vienna and his wife from Czechoslovakia, others went through the same difficulties and miseries beginning in Poland or Germany, Vichy France or Spain, China or Rumania, Russia or Tripoli or Greece. The beginnings were many and varied. The end for all was the haven of Sosua.

A visit of 3 days to Sosua was hardly enough for this reporter to exhaust all the wonders of the active and flourishing community. The return trip to Ciudad Trujillo, a distance of 120 miles across the fertile and busy island, served only to strengthen the impression of a land improving itself by leaps and bounds in agriculture, in education, and in the medical and social care of its citizens.

A large number of Jewish refugees, preferring city life to that on the farm, have settled in Ciudad Trujillo, the thriving capitol of the Dominican Republic with a population of 250,000. A visit to some of these refugees was indicated, and the first one called on was the man who, only a few days before, had been appointed consul in the capitol for the State of Israel. His name is Bruno Philip and his story, again, is truly characteristic. Philip is a Berliner who wandered through all the capitals of Europe from 1933 to 1939 without a single official document or scrap of paper to establish his identity or background. In 1939 he finally found himself with his three children in Holland. There he tried to get documentation that would permit him to enter the United States, but to no avail. Only the

Dominican Republic, as it had for so many others in this plight, offered him a visa for himself and his homeless children. He came to Ciudad Trujillo in 1939.

Two years later, while Generalissimo Trujillo was out of the country, Philip was slapped into a camp for enemy aliens, a camp set up at United States urging. When the generalissimo returned to the Dominican Republic and heard about the concentration camp, he immediately ordered the release of every Jew held in it.

Like every other Jew interviewed, Bruno Philip is thoroughly proud of his Dominican citizenship. With freedom to work and with the encouragement of the government, he has done well in his new homeland. Today he has a prosperous furniture business with thousands of customers. Grateful for his good fortune, Philip has helped many Jews to come to the hospitable Dominican Republic, and then aided them further in making a fresh start after their arrival. Among those who also sought refuge from Nazi terror in the Dominican Republic was a member of the famous Rothschild family.

One of this visitor's most interesting meetings in Ciudad Trujillo was with Mr. Neuhauss, a subscriber to the Day. He, too, told the grimly familiar story of concentration camps, of constant flight from place to place, and of final refuge in the Dominican Republic and the struggle to make a new life in a strange land. Behind him lay 4½ years in the Lodz ghetto, the Feldafing in Germany, Auschwitz, and finally blessed relief from oppression and despair in the New World and the Dominican Republic. With the help of his wife's relatives, the Payovanskys and the Shimenskys, settlers of 50 years ago, Neuhauss finally established himself firmly in his new home. All he looks forward to now is an opportunity to visit his father and brother in Israel.

There are not too many Jews in the Dominican Republic, perhaps 600 in all. But this precious handful, saved by the efforts of the Dominican Republic through visas, land grants and citizenship, and by the determined and generous aid of the American Joint Distribution Committee, is doing well in Sosua and in the cities of the island republic. Pioneers they are in a land of pioneers, accepted wholeheartedly, warmly, by their hosts and fellow citizens. The pride of these Jews in what they have done is more than matched by the pride of the country which bade them welcome when no other country would do so. What is more, these Jewish refugees, by their behavior, their industry, and their devotion have made friends in the Dominican Government and free press not only for themselves but also for their far-off brethren in the State of Israel.

THE JEWS IN THE DOMINICAN REPUBLIC: THEIR NEEDS AND DESIRES

(By Arthur L. Jacobs)

In the three preceding articles, it was shown that many Jewish families began coming to the Dominican Republic in 1938 as refugees from Hitler's Europe under the auspices and with the aid of the American Joint Distribution Committee and the Government of the island republic which furnished them with the necessary visas. Of the thousands who passed through on their way to other countries in North and South America, some 600 stayed on the island and settled, either in cities like Ciudad Trujillo, the capital, or in Sosua on the northern shore. Sosua, with its 200 settlers, has firmly established itself as the island's leading farm colony, raising beef, milk, and cheese for themselves and the market and carrying on experimental work in the breeding and raising of high-grade cattle. Whether in the cities or at Sosua, the Jews of the Dominican Republic have become self-sufficient economically. As citizens, they

participate politically with their fellow-Dominicans in all the affairs of the island. It is only in the personal and spiritual field that they feel a lack—and a grievous one it is, too.

The expression of this lack was the most persistently repeated comment made in answer to this visitor's questions during his stay in the Dominican Republic. "What do you feel that you need most here?" they were asked. "You seem to be doing well; you have land, food, schools, everything."

"As you say, we have everything," was the reply of a troubled settler at Sosua. "But if you look at it another way, we have only a little. The things we want most, we cannot buy. What do we want? First, we want more Jews to come here. Second, we want a rabbi, a religious leader, a man who will hold us together as Jews. We don't want to have happen to us what happened to the Jews who came here from Spain and Portugal 400 years ago. All they have kept of their Jewish heritage has been their names. We don't want such a fate. We want to hold onto our identity as Jews. If more of our fellow Jews do not come, if we do not get a rabbi soon, we fear that we too will no longer be Jewish in anything but name in a generation or two."

It is plain that the Jews of the Dominican Republic feel very deeply the lack of spiritual guidance that a rabbi could give to the community. They watch their children growing, they think of their future, they plan—or try to plan—for them. But always they come to that most worrying, most disturbing, problem: Whom will their children marry? Where will they find husbands for their daughters, wives for their sons? The adults can observe the holidays, attend Friday night services in the synagogue, celebrate the Passover and Rosh Hashana, but who will teach the children, who will guide them in the ancient Hebrew faith?

The two largest communities of Jews are at Sosua and at Ciudad Trujillo, the capital, some 120 miles away. Neither has a rabbi, though either community could support one. At the worst, the settlers say in desperation, 1 rabbi could serve the 2 communities, going back and forth as needed to minister to them. And to emphasize the fact that they can support a rabbi, Jews in both communities are quick to point out the generous contributions they have made to the United Jewish Appeal, to the bonds they have bought from the State of Israel.

The Jews of the Dominican Republic have tried many times to induce a rabbi to come to their communities, but to no avail. Every plea for help runs into the most vexing problem of all. For the sad fact is that no new settlers are coming to the Dominican Republic. In spite of Generalissimo Trujillo's unequivocal statement, made in answer to this visitor's question, that, "We welcome Jewish refugees from tyranny, and that offer has been standing for the 20 years that we have been in a position to accept a large scale influx," homeless and uprooted Jews are not finding their way to the hospitable little republic. With a community consisting of a little over 100 families divided between Sosua and the cities in a land twice the size of the State of New Hampshire, it is understandable that a rabbi would be reluctant to take on the task of supervising the religious life of these Jews. The settlers in the Dominican Republic are aware of this difficulty. That is why they are pleading with their fellow Jews all over the world who are seeking a new place to settle to join them in the Dominican Republic.

This invitation is given not only on behalf of the Jewish settlers already there, but also on behalf of the Government. In making the request to Jewish refugees to come to the Dominican Republic, there is no intention on the part of the settlers to draw them away from Israel. They know, however, that not all Jews want to go to Israel. When this

writer was in Egypt in 1955, he too became well aware of the fact that not all the Jews being driven out of the country by the dictator Nasser, wished to emigrate to Israel. There are Jews in Canada, the Argentine, Brazil—and other countries—who prefer their adopted countries to Israel. This is not a new situation by any means. After the first destruction of the Temple and Babylonian exile, many remained in Babylonia for hundreds of years. Today, while most Jews favor the ingathering of the exiles after 2,000 years of wandering, there are some who, for various reasons, prefer to settle elsewhere.

What, then, does the Dominican Republic offer to Jews who seek a new home where they can live in peace and freedom and make a new life for themselves? In discussion with the community leaders of Sosua and Ciudad Trujillo, the following points were made.

First, the Dominican Republic, through its leader, Generalissimo Trujillo, offers, in his words, "extremely liberal benefits to the immigrant. They include land, equipment, extension service, loans, and whatever else may be needed to get the newcomer on his feet. Opportunities for immigrants are by no means limited to the soil. We now have more than 5,000 industrial establishments. There is great demand for skilled labor in that burgeoning industrial plant."

Then, for those who would come to Sosua, the Jewish settlers themselves offer a welcoming hand. They will be happy to help newcomers get established, teach them what they have learned from their own experiences, give them livestock to get started, buy their products, whether agricultural or manufactured.

Finally, the Government, again as stated to this writer by the Generalissimo, "offers extremely liberal concessions to foreign capital that utilizes the resources of our land. They include tax exemption, freedom from import duties, no limit on entry of needed technical or managerial personnel." In the opinion of the settlers at Sosua, the Government will also make to immigrants grants of land, prefabricated houses, schooling, roads, electricity, medical care and a certain subsistence until they get on their feet.

The settlers of Sosua and in Ciudad Trujillo will carry on as best they can in the hope that soon they will be joined by their fellow-religionists in larger numbers. They hope that their children will soon be playing with children of their own faith who will one day become husbands and wives to them.

Meanwhile, Sosua appeals to Jewish families in the United States for help to maintain their Jewishness. They would like to set up an exchange system whereby they could send their children to America during vacation time, and receive American children to stay with them so that the youngsters of one land could learn something about the homes in the other. What American child would not find his life enriched by the experience of living in Sosua with its farms and cattle and beaches? And would not an American Jewish family be blessed by taking in for a short time a child of the Sosuan community to live and learn from it?

There is, also, among the Jews of the Dominican Republic, in the city and the country, a need, a hunger for books on Jewish history and culture for the young. Since the language they are growing up with is Spanish, rather than whatever tongue is spoken in the home, these books so urgently wanted, must be in Spanish.

These, then, are the needs and desires of the Jewish refugee settlers in the Dominican Republic. To preserve themselves as Jews, as the people of the Book, they plead for a rabbi to teach and guide them. They ask for more Jews to join them in making a good life in a new world. Jews on the

land at Sosua, and Jews in the city at Ciudad Trujillo raise their voices in unison to beg for these things from Jews all over the world.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. FASCELL. Mr. Chairman, I want to associate myself with the remarks previously made and to state that I am also opposed to this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. MORGAN. Mr. Chairman, I am opposed to this amendment and I associate myself with the remarks made by the gentleman from California [Mr. JACKSON] and the gentleman from Wisconsin.

Mr. SAUND. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. SAUND. Mr. Chairman, I wish to associate myself with the members of the committee, the gentleman from Pennsylvania [Mr. MORGAN], and the gentleman from Florida [Mr. FASCELL], and to say I am also opposed to this amendment.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. FLOOD. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Oregon. Under any circumstances this is a most mischievous amendment, and under the circumstance at this moment in this debate on the mutual security authorization bill it is particularly obnoxious to proper legislative practice. It is a grave question as to the constitutionality of what is proposed by the resolution—certainly this is not the time, and this is not the method to attempt to bring about the ideas desired by this amendment.

The average American citizen is convinced that he can do three things better than anybody else in this country: run a railroad, manage a baseball team, and run a hotel. But when a man gets elected to Congress he is convinced that there are three other things that he can do better than anybody else in the country: do the job of the Secretary of Treasury, Secretary of Defense, and, without any doubt, the Secretary of State.

An amendment such as this flies in the face of the President and his Secretary of State with their continual responsibilities in the formulation of foreign policy, which is the relation between this and foreign states.

When I first came to this Congress, in 1944, I served upon the Committee of Foreign Affairs, and upon the Subcommittee for the American Republics having jurisdiction over our sister republics in Central America and the Caribbean and South America.

I was raised from childhood in our bilingual home in St. Augustine, Fla. My mother's sister was married to a citizen out of St. Augustine, Fla., of ancient Minarcon Spanish ancestry. My heart is warm for our friends to the south, and under no circumstances will

I yield to anyone here or there in my friendship for the people, and my trust for their general welfare.

Not only is this amendment bad law, but it will be the height of bad manners to deal at arms' length with our sovereign sister republics and summarily declare what is or what is not right for them in their own countries. It would be impertinent and presumptuous for the "Yanqui" to take an attitude of "Papa knows best," and to patronize and be paternalistic to the governments and the peoples of all these nations, all of whom are unquestionably friendly to the United States of America.

These people are adult, they are mature, and can and should be led by their own peoples in their own way.

It should be our purpose here to serve the best interests of our own country first, and I submit, Mr. Chairman, that the best interests of the United States of America can be served by defeating this amendment.

As a matter of fact, there is much more I could say on this matter, but I feel it will merely be dignifying this attempt to amend the bill and that I do not wish to do.

I can feel the temper and mood of my colleagues in this House with reference to this proposal, and I know you long enough and well enough to be sure that your vote against this amendment will be overwhelming to such a degree, that never again will anyone attempt to use this method of hamstringing our responsible Government officials charged with the formulation of administration of the foreign policy of this Nation, which includes this House.

There is nothing wrong with a Member wishing to bring a point of view as is being done in this amendment, but I have always opposed this type and kind of amendment against all foreign-aid bills, since first we discussed the Greco-Turkish law more than a decade ago. I have always spoken for and voted for the foreign-aid programs in the last three administrations, Democrat and Republican, and I shall vote for this one.

If any Member wishes to indicate his feeling and attitude on these matters that go beyond the intended purpose of the bill before us today, then he should introduce a clean bill, introduce a resolution, have it sent to the committee of the House for proper hearings held thereon, which is the proper way to deal with any subject as far reaching as this very dangerous amendment proposes.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HILLINGS].

(Mr. HILLINGS asked and was given permission to revise and extend his remarks.)

Mr. HILLINGS. Mr. Chairman, I rise in the closing minute of debate on this amendment in opposition to the amendment, and to join with my distinguished colleague, the gentleman from California [Mr. JACKSON] who is one of the foremost authorities in the House of Representatives on Latin American affairs, in the position which he has taken here. I simply want to add one word as we close debate on the amendment.

Much has been said earlier today about our foreign friends who have received aid from us and have shown little gratitude. Here is a statement from Castillo Armas, President of Guatemala, in a newspaper article which appeared in the Los Angeles Times a few days ago by a writer touring Guatemala and who tells just what the President of that little country, which threw out the Communists, says about our aid. The article is written by Mr. Charles Hillinger.

I believe that this article is of special interest to the Members of Congress, particularly at this time. The article is as follows:

[From the Los Angeles Times of June 30, 1957]

GUATEMALA BOOMS UNDER NEW RULE—NATION ON THRESHOLD OF BETTER LIFE SINCE OUSTING COMMUNISTS

(This is the first of eight articles on Central America, to be published Sundays in the Times. They will include interviews with United States ambassadors, peons and presidents.)

(By Charles Hillinger)

GUATEMALA CITY, GUATEMALA.—Streets are torn up. Dust and dirt swirl through this capital which boasts of being one of the cleanest cities in the world. Yet Guatemalans are not complaining.

For the temporary inconveniences of detours and dirty thoroughfares are earmarks of progress in Guatemala—the first nation in the Western Hemisphere to experience and overthrow a Communist regime.

Ditches have been dug in the streets to install a new telephone system and provide the city with 30,000 phones instead of the present 10,000. Buildings (\$10 million in new structures in this city alone last year) are sprouting in every direction. There's the noise and activity of construction crews from sunup to sundown, and in some sections throughout the night.

BOOM TOWN

For Guatemala City is a boom town in a nation on the threshold of a new life.

Three years ago today the Red-infested government of Jacobo Arbenz Gunzman was on its way out while an ill-equipped, but overwhelmingly popular liberation army led by Carlos Castillo Armas was making its way from its clandestine headquarters in Honduras to this city's famed green-stone palace.

On July 3, 1954, Castillo Armas' forces assumed complete control of Guatemala. Since then, following his election as president in a national plebiscite, Castillo Armas has been faced with a momentous task—to prove to his people that the democratic way is far better than the Communist.

Under his leadership Guatemala is being pulled up by her bootstraps.

GREAT PROGRESS

"We have had our share of problems. But in general terms I am satisfied that there has been great progress in every branch of the Government," President Castillo Armas told this reporter in an exclusive interview in his beautifully appointed mansion—Guatemala's Presidential Casa, directly behind the national palace.

"The people have been reacting even better than we had hoped—not only the peasants, but also the teachers and labor, who had been heavily influenced by the Communists. All are cooperating exceedingly well with the administration's program.

"If it had not been for the technical and financial assistance of the United States, it would have been impossible to put over our program. Our people are aware the United States helped in a very decisive way. They have learned in the last 3 years that the democratic way is possible here and brings

infinitely better results than the Communist way."

PARTY OUTLAWED

He explained how the Communist Party was outlawed when he came into power.

"The great mass of Guatemalans have never been sympathetic to communism. Since Arbenz and the majority of the party leaders fled the country we have had only spotty trouble from the Reds on the domestic scene," Castillo Armas related.

He expressed disappointment over the riots June 25, 1956, during which several persons were wounded and four students killed. "They were victims all of Communist tactics of elements which tried, and are still trying, to take advantage of youth's natural impulses," he explained.

"On the international plane the Communists have done their utmost to discredit this Government. Other countries have been flooded with propaganda to the effect that this administration is an ironfisted type dictatorship. To counteract this we use the open-door policy and tell one and all to come on in and see for themselves."

VIOLENT ATTACKS

The short, quiet-spoken President described how he was subjected to violent attacks from a left-wing newspaper in Paris a year and a half ago.

"We sent representatives of the paper an invitation and passage to visit Guatemala," he said. "When they arrived, we turned them loose. That cleared up that situation."

He talked of his nation's economic recovery—"although it is not complete or as far advanced as we would like to see it. We have given the country a change to do some of the things it had to do. Without economic recovery, our efforts would be hopeless."

Castillo Armas spoke about Guatemala's \$250 million 5-year economic development plan aimed at improving transportation, communications, electric power, agriculture, and land resettlement, health and social welfare.

VITAL HIGHWAYS

As for highways there are 3 vital ones rapidly nearing completion, the 186-mile Atlantic Highway linking the capital for the first time with important Atlantic ports; the 316-mile Inter-American (Pan-American) Highway from Mexico through Guatemala City to El Salvador, which will be the main tourist route, and the 215-mile Pacific Slope Highway through rich agricultural areas.

He discussed the problem of improving the lot of Guatemala's 2 million (two-thirds of the population) illiterate, poverty-stricken Indians, who have a life expectancy of 34 years.

"If we are to be completely sincere with our people, it is imperative that we raise the standard of living of all Guatemalans, especially our Indian population.

SEEK OUT PEASANT

"It is the school which must seek out the peasant, and not the peasant the school," he stated.

To accomplish this, the government has inaugurated the rural social educational program. We accompanied J. Alfred Barrett of the National Economic Planning Council to a mountain village in the state of Sacatepequez to see the rural education program in operation.

En route we passed women washing clothes in streams as well as in newly built Government community washhouses. In the latter, built under the rural education program, were washtubs with hot and cold water—something new to most rural areas with the Castillo Armas administration.

At the community-built school we visited, the teacher, Mrs. Maria Teresa Aguilar, was teaching her class of Indian children, ages

7 to 14, such basic things as how to use soap and brush teeth.

SOAP A NOVELTY

For these youngsters had never seen soap before the introduction of the rural education program, nor had they ever brushed their teeth. Girls were being taught how to sew. In one corner an "I came to class clean" chart contained a class cleanliness record. Above it on a rack was each child's toothbrush.

Outside the small schoolhouse were pens containing turkeys, ducks, pigs, and chickens. An outdoor latrine, another revolutionary item to the village, stood nearby. Children are instructed in the care of animals so that they may better feed themselves and families in later life.

The school served a village of 700, although only 58 youngsters attended classes. "Most families are reluctant to let their children become exposed to education—even as elementary as that which we impart. But as time goes on the class seems to grow," Mrs. Aguilar explained.

AGRARIAN PROGRAM

Castillo Armas had mentioned his agrarian resettlement program. To date more than 10,000 families have received title to land. Instead of 2 or 3 acres which farmers were permitted to settle—but not own—under the Arbenz regime, now farmers are receiving clear title to 15 to 50 acres, helped with supervised credit to buy or rent farm implements, and granted technical advice from the Government's agricultural extension service.

The President paid special tribute to the United Fruit Co. for its part in the very successful pilot project of his agrarian resettlement program. A 90,000-acre tract on Guatemala's Pacific coast ceded to the Government by United Fruit in 1954 has been transformed from jungle to fertile farms.

The Government and the fruit company cleared the land and worked together in resettling 1,200 farmers on the tract known as Nueva Concepcion. The two agencies then provided the farmers of Nueva Concepcion with modern implements and training in the application. Clear titles were granted to the families on each farm, which averaged about 50 acres.

The President, too, had noted that Guatemala has a long way to go in achieving a better standard of living, for in the cities the average wage earner is paid 80 cents a day and in the country, 40 cents.

Current efforts are being made for crop diversification. Coffee in Guatemala is still an absolute crop. There's a great deal of excitement over oil, yet to be found in Guatemala, although \$15 million will be spent by 30 companies this year in exploration.

Optimism is reflected throughout the nation.

However, businessmen look to the United States for more venture capital.

As Al Barrett expressed it:

"There's tremendous opportunity in Guatemala. The Government is interested in getting money in and getting anything started.

RICH POTENTIALS

"Our lumber and mining, with rich potentials, are just beginning. We need food-processing plants, canneries, and fertilizer plants. We are a Catholic country, but have no fishing industry as such. Yet our waters have a wealth of fish. Our construction industry is booming. Yet it could be much better.

"Articles such as those in the special Guatemala issue of the Los Angeles Times Home magazine (March 24) stir up a great deal of interest in our textiles. Yet when the requests for them pour in, we can't fill the demand."

As Fernando Gallo, a leading Guatemalan businessman and graduate of the University of California at Berkeley and the University of San Francisco expressed it, "there are so many things to be done."

"All the elements are here for new enterprises. What is needed is initial investment."

Or to capture the sentiments of a small-business man who has experienced a Communist government and now the Democratic government of Castillo Armas—Hiram Sosa declared:

"I have the feeling conditions are getting much better. When everyone feels sad, so do I. When the government is doing wrong to the country, I don't feel like working; I don't feel like doing anything. This was the way it was with Arbenz. Now it's different. I want to move ahead with Guatemala."

Mr. Chairman, Mr. Hillinger's article is a detailed analysis of the political, economic and social developments in the Republic of Guatemala, that have occurred in the 3 years since the Communist dictatorship in that country was overthrown in July 1954. In summation the writer finds that the new government is making truly dramatic progress toward achieving their goal, which the House will recall, is to prove to the people of Guatemala that they can enjoy a better life under democracy than they had under communism.

Mr. Chairman, this article does not deal with promises, plans and mere polemics. It cites instance after instance of definite, specific achievement. It tells of new buildings and hotels that have been erected; new industries commencing operations; thousands of new homes that have been built; hundreds of miles of new highways completed and under construction; vast areas of virgin jungle that have been cleared; thousands of small farms that have been made available to landless peons; new schools that have been opened, and a broadened educational program. All of this in 3 short years, and, as many members of the House know, in the face of very serious handicaps.

I am calling this analysis—which I happen to know is concurred in by many Members who have recently visited Guatemala—to the attention of the House because I believe we Members of Congress can view these developments with deep satisfaction and pride. You will recall, Mr. Chairman, that 1 year ago, and 2 years ago, when the foreign aid measures were before this body, that we specifically earmarked the sum of \$15 million for the newly liberated nation of Guatemala. On both occasions this was an increase of \$10 million over the amount that had been recommended by the Department of State and ICA.

On the basis of the facts cited in this article by an experienced and unbiased reporter, and on the basis of the observations of many of our own Members, it appears that the judgment of Congress has been more than vindicated. Moreover, there is ample reason to believe that had Congress not taken the initiative, as it did, this dramatic story of progress under democracy related by Mr. Hillinger, could not be told.

I hope that other Members of the House experience the same pleasure at

those words that I felt. There are not too many of our friends who take the trouble to express, publicly, their appreciation for the help we have given them.

Mr. Chairman, we Members of Congress are asked each year to vote large sums of money for foreign propaganda purposes; that is to tell the peoples of the world the advantages of democracy vis-a-vis communism. How could we possibly conceive of a better way of telling the story of democracy, than by merely citing the facts listed in this article. Here is a small, underdeveloped nation that suffered nothing but economic, social, and political stagnation and oppression under communism, and now is forging ahead under a free government. It is just as simple as that.

However, Mr. Chairman, I think there may be another aspect to this situation, in the light of the legislation now before us. The progress Guatemala is making toward its goal, is truly dramatic. But nobody claims that the goal has yet been reached. I am told the Government of Guatemala estimated it needs about \$15 million in foreign aid from us this year, if they are to continue their economic programs. I am reliably informed that the officials of the United States Embassy in Guatemala estimated a slightly lesser amount would be necessary if this fine progress is to be maintained. Yet the bill before us earmarks an amount—which for some mysterious reason has been classified—that is a very small fraction of the estimates of the Guatemalan Government and our own Embassy, of the actual needs. I think it would be tragic and sheer stupidity, if we risked a setback in that country, at this stage, especially in view of the modest sum involved. I suggest that we search our minds, and ask if we should not repeat our actions of the past 2 years, and again specifically earmark \$15 million for Guatemala, either in the legislation now before us, or in the appropriations bill that will follow. I am sure this could be done without increasing the overall authorization of the bill.

Certainly, the \$20 million in extra aid that we in Congress extended to that Nation, has, on the record, been one of the best investments we have made for freedom, of all the billions we have parceled out to the world in foreign assistance.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HILLINGS. I yield.

Mr. FULTON. If a country is taken over by a dictatorship, then this amendment would be the first thing that would prevent us from doing anything about it.

Mr. HILLINGS. The gentleman is correct.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. FULTON), there were—ayes 4, noes 171.

So the amendment was rejected.

Mr. MEADER. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. MEADER: On page 7, line 20, after the first comma insert: "to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and."

The CHAIRMAN. The gentleman from Michigan is recognized in support of his amendment.

(Mr. MEADER asked and was granted permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, I call the attention of the Committee to the language in the bill on page 8, commencing on line 20 which reads as follows:

The fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital.

It is apparent from the language quoted that it is the intent of the act, and specifically the intent of the Development Loan Fund, to support and encourage private capital investment. Yet, Mr. Chairman, in section 201, entitled "Declaration of Purpose," there is no similar statement encouraging the employment of private capital and the promotion of the competitive free-enterprise system in strengthening friendly foreign countries. I am confident that the omission of such language in the "Declaration of Purpose" section must have been an oversight since elsewhere in Mutual Security legislation and in pronouncements of responsible leaders has it frequently been declared to be the policy of the United States to encourage our allies abroad to adopt and promote the free-enterprise system and the investment of private capital in the development of their economic resources.

Mr. Chairman, this omission in the declaration of our policies and purposes is not an insignificant matter. In one sense, it goes to the heart of the entire cold war controversy between totalitarianism and freedom. The economic and political system in Russia and its satellites is simply an advanced form of socialism in which the government owns and controls all property and all economic processes.

That is the system we are fighting, that is the reason we are spending United States taxpayers' funds to assist friendly foreign countries so to strengthen themselves that they can resist military aggression and subversive infiltration of Communist forces. Hence there should be no doubt that in our aid to free friendly peoples we should announce frankly our faith in the free, competitive-enterprise system and in the development of economic resources through the investment of private capital.

Our system is economic freedom. The Soviet Communist system is economic slavery. Why should there be any hesitation, frankly and openly, to state our belief and our support of the free economic system, which has proved so ad-

vantageous to our people, in connection with our efforts to assist others?

I urge the adoption of my amendment. Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. VORYS. I am sure the House would like to hear more about this very fine amendment, but for myself and all others that I know of, we think it is a good amendment and will be accepted.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. CARNAHAN. Mr. Chairman, we have studied the amendment on this side and will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MEADER].

The amendment was agreed to.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

SEC. 7. Title III of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is further amended as follows:

(a) In section 304, which relates to authorization, strike out subsections (a) and (b) and substitute the following: "There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$151,900,000 to carry out the purposes of this title."

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Strike out the text of subsection (a) and substitute the following:

"\$15,500,000 for the fiscal year 1958 for contributions to the United Nations Expanded Program of Technical Assistance: *Provided*, That, notwithstanding the limitation of 33⅓ percent contained in the Mutual Security Appropriation Act, 1957, the United States contribution to this program may constitute for the calendar year 1958 as much as but not to exceed 45 percent of the total amount contributed to the program for that period, for the calendar year 1959 as much as but not to exceed 38 percent of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33⅓ percent of the total amount contributed to the program for that period."

(2) Strike out the text of subsection (b) and substitute the following:

"\$1,500,000 for the fiscal year 1958 for contributions to the technical cooperation program of the Organization of American States."

With the following committee amendment:

On page 17, line 10, after the word "President" strike out "for the fiscal year 1958" and insert: "to remain available until expended."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 8. Title IV of the Mutual Security Act of 1954, as amended, which relates to other programs, is further amended as follows:

(a) Insert before section 401 the following new section:

"SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$250 million for use on such terms and conditions as he may specify for assist-

ance designed to maintain or promote political or economic stability or for assistance in accordance with the provisions of this act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this act. One hundred million dollars of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a).

"(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25 million, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation-assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 percent of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

Mr. WILLIAMS of Mississippi (interrupting the reading). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WILLIAMS of Mississippi. I have an amendment that goes to page 17. Is it in order at this moment?

The CHAIRMAN. That has been passed quite a while.

Mr. WILLIAMS of Mississippi. The Clerk did not read page 17, following the committee amendment which was adopted. The Clerk did not read at that place.

The CHAIRMAN. The committee amendment was on page 17. That was read and the amendment was agreed to.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I ask unanimous consent that I may return to line 19 on page 17 to offer this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. CARNAHAN. Mr. Chairman, I object.

Mr. GROSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. I have an amendment to section 400. I should like to be recognized to offer the amendment at the proper time—section 400, special assistance.

The CHAIRMAN. The gentleman will have to wait until the reading of section 8 has been completed.

Mr. GROSS. I desire to be recognized at that time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

"(c) The President is authorized to use not to exceed \$10 million of funds appropriated pursuant to subsection (a) of this

section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for the purposes of this subsection."

(b) Amend section 401, which relates to special fund, as follows:

(1) Strike out the title of this section and substitute "President's Special Authority."

(2) In subsection (a), strike out "to be appropriated under subsection (b) hereof" in the first sentence and substitute "for such use by section 400 (a) of this act"; before "in furtherance of" in the first sentence, insert "or any act appropriating funds pursuant to authorizations contained in this act."

(3) Strike out subsection (b).

(4) Redesignate subsection "(c)" as subsection "(b)."

(c) In section 402, which relates to earmarking of funds, strike out all preceding "shall be used" in the first sentence and substitute "Of the funds authorized to be made available in the fiscal year 1958 pursuant to this act (other than funds made available pursuant to title II), not less than \$200 million."

(d) Amend section 403, which relates to special assistance in joint control areas, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and in the second sentence strike out all following "the President" and substitute "for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section."

(2) Strike out subsection (b).

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (a), strike out the words between "appropriated" and "such amounts"; and strike out the last sentence.

(2) In subsection (c), strike out the words between "appropriated" and "for contributions" and substitute "for the fiscal year 1958 not to exceed \$2,233,000."

(3) In subsection (d), strike out the words between "President" and "for continuation" and substitute "for the fiscal year 1958 not to exceed \$5,500,000."

(f) Amend section 406, which relates to children's welfare, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and strike out all following "exceed" and substitute "\$11 million for the fiscal year 1958 for contributions to the United Nations Children's Fund."

(2) Strike out subsection (b).

Mr. GROSS (interrupting the reading). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Where is the Clerk reading at this point?

The CHAIRMAN. Page 22, line 5.

Mr. GROSS. I have an amendment to page 24 and I want to be recognized at the proper time.

Mr. VORYS. Mr. Chairman, would it be in order for the manager of the bill to ask unanimous consent that section 8 be considered as read and then the committee amendments to be considered?

Mr. WILLIAMS of Mississippi. Mr. Chairman, I object.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

(g) In section 407, which relates to Palestine refugees in the Near East, strike out the first two sentences in subsection (a) and substitute in lieu thereof the text of the present subsection (b) with the addition of the following sentence: "In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees."; strike out the subsection designation "(a)"; and strike out subsection (b).

(h) In section 408, which relates to the North Atlantic Treaty Organization, strike out in subsection (a) the words between "appropriated" and "such amounts."

(i) Amend section 409, which relates to ocean freight charges, as follows:

(1) Strike out the text of subsection (c) and substitute "There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$2,200,000 to carry out the purposes of this section."

(2) In subsection (d), strike out all preceding "to pay" in the first sentence and substitute "In addition, any funds made available under this act may be used, in amounts determined by the President,"; and strike out the second sentence.

(j) In section 410, which relates to Control Act expenses, strike out the words between "President" and "for carrying out" in the first sentence and substitute "for the fiscal year 1958 not to exceed \$1,000,000."

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out the words between "President" and "for necessary" and substitute "for the fiscal year 1958 not to exceed \$33,000,000"; strike out "and section 124"; and before the period at the end of the subsection, insert "and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance."

(2) Strike out subsection (c), and redesignate subsections "(d)" and "(e)" as subsections "(c)" and "(d)," respectively.

(l) Repeal section 412, which relates to Chinese and Korean students.

(m) At the end of section 416, which relates to facilitation and encouragement of travel, add the following: "To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this act."

(n) Repeal sections 419 and 421, relating, respectively, to World Health Organization and Food and Agriculture Organization, which repeals shall not be deemed to affect amendments contained in such sections to acts other than the Mutual Security Act of 1954, as amended; and add the following new sections:

"Sec. 419. Atoms for peace: (a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President

for the fiscal year 1958 not to exceed \$7 million to carry out the purposes of this section.

"(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

"(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled:

"SEC. 420. Malaria Eradication: The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. Not to exceed \$23,300,000 of the funds made available pursuant to authorizations contained in this act (other than title I, chapter 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section."

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 18, line 17, strike out "\$250,000,000" and insert "\$275,000,000."

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I will not take 5 minutes on this amendment. It was adopted by a very close vote in the committee. It raises the figure of the other body from \$250 million to \$275 million. At one time there was an amendment adopted in the committee to cut the amount, and then that was reversed and badly defeated. I think it would save time now and in conference if we would revert to the figure of the other body, so I ask that the amendment be defeated, which would leave it at \$250 million.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 18, line 19, strike out "political or economic" and insert in lieu thereof "freedom and."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 21, line 4, strike out "\$200,000,000" and insert in lieu thereof "\$150,000,000."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment. Page 25, line 12, after the word "labeled" insert: "Provided, That funds made available under this section shall not be expended in any country which fails to agree to inspection from time to time by the Government of the United States of any facilities constructed in whole or in part under the provisions of this section."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment Page 26, line 6, after the period strike out the balance of the line and lines 7 to 10, inclusive.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAYS of Ohio: On page 23, line 12, strike out "\$33,000,000" and insert "\$32,500,000."

Mr. HAYS of Ohio. Mr. Chairman, a subcommittee of the Committee on Foreign Affairs of which I was chairman made an investigation into one phase of the administration of the ICA. We have not had time to complete it. The investigation was on the matter of the cancellation of a charter and a more expensive one substituted.

Thus far we have developed this fact, and, incidentally, may I say I offered this amendment in committee and it was lost on an 11 to 11 tie vote. We developed the fact that the Bureau of Transportation of the ICA which started out as a 3-man operation has now grown to a 23-person operation, 13 of whom are GS-14's or above and 1 of whom is a \$50 a day consultant. In other words, in that division of 23 there are 14 chiefs and 9 Indians.

I offer this amendment not to abolish the division but to serve notice if that is the kind of loose administration they have down there in another year we hope to go over it more thoroughly and they better tighten up. I do not think a half million dollars is going to make or break them, but a half million dollars is worth saving.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio [Mr. HAYS].

Mr. Chairman, this amount has already been cut \$2 million below the administration request. John Hollister, who is going out and has no personal interest in the matter, was particularly anxious that this amount be kept up.

He said, "You cannot expect us to do the doublechecking that the General Accounting Office and the Government Operations Committee and others want us to do all over the world if we do not have the help to do it."

He has cut down the administration cost very largely over his predecessor but this item is too low now and I hope that the amount will not be further tampered with.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is particularly a place that anybody who is interested in economy should not cut because these are the people who check. We want high level people in this agency who will check these foreign operations and control them. That has been one of the troubles with the program in the past. There has not been adequate supervision and policy facilities provided for this agency for the best administration. I am opposed to the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The question was taken; and on a division (demanded by Mr. HAYS of Ohio), there were—ayes 116, noes 92.

So the amendment was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 18, line 17, strike out "\$275,000,000" and insert "\$273,500,000."

Mr. JUDD. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. JUDD. Has not the committee already acted upon that and accepted an amendment by the gentleman from Ohio reducing that figure from \$275 million to \$250 million? It has already been done.

The CHAIRMAN. The committee amendment was rejected. The figure now is \$250 million.

Mr. JUDD. Well, the amendment is not in order, then.

The CHAIRMAN. It is not in order in the form it was offered. The figure now in the bill is \$250 million.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 24, line 24, strike out "\$7,000,000" and insert "\$4,000,000".

Mr. GROSS. Mr. Chairman, I just want to say in connection with the amendment I previously tried to offer that that is one of the nice things about trying to amend a bill which is so subject to committee amendments that it is almost impossible to figure it out. The amendment I wanted to offer would have stopped the practice of spending \$1.5 million a year to provide for technicians for the European Productivity

Agency. Production is far above pre-war levels in Europe, but still this Government is sending management experts over there to tell them how to run their factories in Europe to the tune of \$1.5 million a year.

The amendment I have just offered goes to the \$7 million appropriation for so-called Atoms For Peace. According to testimony before the Senate Committee, there is \$4.8 million unobligated and unexpended from last year's appropriation. An appropriation of \$7 million is reported in this bill where all they could spend on this program last year was \$2.8 million.

My amendment would reduce it to \$4 million. Surely that is enough. More than that, foreign personnel are being trained for this Reactor Program out of Mutual Security Funds. This is a good place to apply some financial sanity and I urge adoption of the amendment.

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the amendment. This is an important item carrying an authorization for \$7 million.

Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 86, noes 114.

So, the amendment was rejected.

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

On page 18, line 23, strike out "\$100,000,000" and all that follows down through line 2 on page 19.

On page 20, strike out lines 16 through 18 and insert the following: "In subsection (a), strike out all of the first sentence through 'fiscal year' and insert the following: 'Of the funds made available under section 400 (a) of this act, not to exceed \$150,000,000 may be used in any fiscal year'; and."

Mr. HARDY. Mr. Chairman, this amendment is offered as a result of an analysis I made of the President's discretionary authority under this bill. It does not reduce the authorization at all but it does reduce the President's discretionary authority by \$150 million. It requires that the funds that are authorized for discretionary use under section 401 must come from the funds authorized under section 400. As the bill now stands the President could divert \$150 million from any purpose covered by the bill and use it without regard to any legislative restrictions.

Hardly any of us realize the extent to which the President has absolute discretion over the use of funds under this bill. I have made an analysis of this, so bear with me for a few minutes while I tell you about the wide latitude which I believe is both unnecessary and unwise.

Section 400 (a) of the bill, as reported out by the committee, provides a special assistance or contingency fund for use by the President on such terms and conditions as he may specify. The House Subcommittee on International Operations of which I am chairman made a detailed study this spring of ICA's

budgeting procedures and of the so-called programing that precedes the annual presentation. One of the observations that disturbed and distressed us most was ICA's lack of candor with the Congress in its annual illustrative budget presentation. We noted and pointed out in our report that in fiscal year 1956, expenditures actually made in individual country programs varied by over 30 percent from the illustrative programs which were used by ICA in congressional presentations to justify authorizations and appropriations. Among our recommendations was one that ICA meet its unplannable needs from a special Presidential fund set up expressly for contingencies, in lieu of the prior practice of robbing one country program to feed another.

We certainly did not have in mind, however, that the President should be given a discretionary fund of the proportions proposed under this bill. Let me list for you the almost incredible amount of money which this bill would make available to the President, which he may expend in almost any way he sees fit, and without effective control by the Congress or anyone else.

Section 400 gives him a special assistance fund of \$250 million. Section 401 authorizes the President to expend, in addition to the fund to be appropriated under section 400, \$150 million of funds otherwise appropriated under the act, without regard to the requirements of this act. Just how that differs from terms and conditions specified by the President, I am not sure, but it seems pretty clear that even if this bill were loaded with safeguards of congressional control, section 401 authorizes the President to disregard them. This same section also authorizes the President to spend \$50 million of mutual security funds on an unvouchered basis. They are described with this very word in section 513, last sentence. This is not \$50 million out of the preceding \$150 million—this is another \$50 million. That means a \$200 million discretionary authority is granted by this one section. Added to the \$250 million authorized to be appropriated by section 400, we now have almost a half-billion dollars, with more to come.

I would like to make a parenthetical comment about these unvouchered funds. The Department of State has only one paltry million dollars of these funds annually; only one-fiftieth of what the President will have under this bill, and even with this relatively puny amount the State Department has managed to get into trouble. Our subcommittee has just completed hearings on the use by the Department of State of over a half-million dollars of these funds, over a 14-year period, for public opinion polls. These polls were supposed to be very confidential, but recently an ICA official leaked to the press certain poll results which happened to put the administration in a favorable light. Of particular concern to our committee was the fact that on previous occasions we had called to the attention of the State Department certain dubious, if not illegal, purposes for which these

funds were being used. Obviously secrecy was not needed in the interest of the national security. Perhaps this procedure was administratively convenient, but intentional or not, it can become a device to mislead the Congress and to keep the American people from knowing what becomes of the funds. I can see no earthly justification for \$50 million of unvouchered funds and if they are granted, as a minimum precaution we should require unrestricted and uncontested right of congressional post-audit.

Let us get back to our accounting—our totaling up of the Presidential discretionary fund. Sections 400 and 401 give him \$450 million. Section 501 of this bill gives the President authority to transfer up to 10 percent of the total appropriation to uses other than those presented to the Congress. He is authorized, for example, to take money appropriated for military equipment and put it into the catchall category known as defense support. This is the category, you will remember, about which the gentlemen of the committee themselves at page 19 in the report on this bill concluded that the Congress had better keep careful watch to be sure "that is not just a disguised form of economic development aid."

What does this 10 percent mean in dollars? If we disregard the development loan fund, which is insulated from this transfer authority, and if we refrain from recalculating the special assistance fund, which is already 100 percent available at the President's discretion, and if we take 10 percent of what remains, we come up with \$245 million. Added to the two figures I have already given you, we get a total of \$695 million—more than 20 percent of the total amount authorized by the bill.

I want to remind you that this \$695 million we have been talking about represents only the discretionary authority directly authorized to the President under this pending bill. This is in addition to other discretionary authority already in existence such as that relating to a billion dollars worth of counterpart funds, and another billion of local currency generated by agricultural surplus transactions under Public Law 480.

But let us recapitulate the directly available discretionary authority; \$250 million are provided under section 400; another \$200 million under section 401; and \$245 million under the transfer authority provided in section 501. These total \$695 million. There are also substantial carryovers under sections 543 and 548 of unexpended funds from prior years. I cannot calculate the total of these, but I can immediately think of \$80 million remaining from the \$200 million authority under the Middle East resolution, and \$87 million still unused from the President's so-called fund for Asian development. These totals amount to \$887 million. It is unthinkable that we would delegate so much authority. Join me in adopting this amendment to reduce just a little the extent to which we transfer our duties and responsibilities to the Executive.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. JUDD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as the gentleman from Virginia has correctly said, his amendment will not save the taxpayers any money. It will merely deprive the President of some of the flexibility which we believe he needs in the dangerous kind of world in which we live.

Actually, if we were going to do anything with this emergency fund I would increase its flexibility rather than decrease it. You recall we had a long debate for 2 months at the beginning of this Congress, while our colleague, the former chairman of the committee, Mr. Richards, was kept here, unable to go out to the Middle East to deal with that dangerous touch-and-go situation. The President did not have sufficient flexibility to enable Mr. Richards to do the job until we passed the so-called Eisenhower resolution to give him such flexibility. Fortunately, it was not too late to prevent Mr. Richards from succeeding with his mission.

If we lived in a normal world of peace, with the possibility of normal planning and accounting procedures, we would not need any of this act. But living in the kind of world we have, where there are so many explosive situations and when we are appropriating this much money to try to keep the world free, it just seems to me shortsighted to deny ourselves the maximum benefit from the optimum use of those funds.

I would remind the Committee that it was only a few months ago that many people thought—and it did look that way—the Middle East was going to blow up. It was hanging by a thread. In a certain key country—Jordan, to be specific—they could not pay their troops, they could not pay their police force, they could not pay their civil servants. A revolt was on the verge of taking place that would have opened wide that vital area to the Kremlin with disaster to the whole free world, including ourselves. The President under the very authority the gentleman wishes to restrict was able to move in fast and make funds available to meet that crisis. The whole picture was changed overnight and while it still could go bad, of course, the prospects of keeping the Kremlin from getting control of the Middle East—unless we were to resist by war—are better than seemed possible then.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Virginia.

Mr. HARDY. Would the gentleman indicate whether or not he thinks there should be any limitation on the discretion we provide the President?

Mr. JUDD. Yes; certainly I think so.

Mr. HARDY. Will the gentleman tell us the extent?

Mr. JUDD. I think the bill as written has adequate and proper limitations. They are the same as we had in last year's bill, no more, no less.

I favor keeping the same flexibility and transferability provisions that the

President has had in previous bills. They have not been abused. Is it in our interest when dealing with such fluid and unpredictable situations to handcuff ourselves?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. VORYS. We have cut this bill \$747,500,000 below the Presidential request in cash and a billion dollars in future loans. That cuts down the amounts that are available. The loan fund which has been created is not subject to transfer at all. So the amount that can be transferred is extremely low in this bill. Remember, we are dealing with a bill that starts out by being half a billion dollars less than the appropriation was last year. Now let us not cut down on the elbowroom needed, as my friend, the gentleman from Minnesota, has said, to take care of these situations which simply cannot be foreseen in a cold war. I hope the amendment will be defeated.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that debate on this amendment, and all amendments thereto, close in—

Mr. WILLIAMS of Mississippi. Mr. Chairman, I object.

Mr. CARNAHAN. Mr. Chairman, I move that all debate on the pending amendment, and all amendments thereto, close in 5 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from Missouri.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. BLATNIK].

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. BLATNIK. Mr. Chairman, I thank the most able and distinguished floor manager and member of this great committee.

First, a few introductory comments. We are talking here about flexibility. I will be frank and say that there is need for a certain amount of flexibility in this foreign-aid program. But, if you gentlemen had sat with the Committee on Public Works, as many of us have sat for many years, and could see this constant, continual badgering and bickering going on with the Bureau of the Budget, and also sit on the Overseas Expenditures Subcommittee of the House Government Operations Committee, and have occasion to learn that there are two yardsticks used to determine justification for public-works projects—domestically and those which we have been building abroad for many years. What I am objecting to, and what I want to serve notice here to the members of the committee is, that when it comes to domestic projects, no matter how big or how small they may be, and I can name plenty of them in the \$1½ billion public-works omnibus bill reported out of committee this past Wednesday, the Bureau of the Budget uses a rigid, inflexible yardstick. Ask the gentleman from North Dakota, who is trying to get approval for a small project to provide

drinking water for Indian children in a small school in a rather economically hard-hit area in North Dakota; and he knows the battle that he has had to put up with the Bureau of the Budget which disapproved of the project. As I say, I could go right down the line and name any number of projects like that. We have gone into the greatest detail on every single project, ranging in cost from a few thousand dollars, to millions of dollars. We have gone into them with great care and thoroughness, and an extreme sense of responsibility and conscientiousness, and we have finally managed to come up with a domestic public-works program calling for about \$1,500,000,000 and that was vetoed last year by the President on the recommendation of the Bureau of the Budget because some projects did not meet all of their criteria requirements. So, this year, we again went into session for 3½ months of almost continuous session, and this past Wednesday we finally came up with a bill which meets 94½ percent of the objections of the Bureau of the Budget, and still we are told the omnibus bill may be vetoed by the President because it does not measure up to the rigid yardstick they have in the Bureau of the Budget for the internal improvement of our country. So, how much flexibility is there in this multi-million-dollar bill? I am willing to wager sight unseen that not 10 percent of the Members of this distinguished, most honorable and conscientious body can tell us where so much of this money is going to. I will match project for project the thoroughness and scrutinizing detail with which we went into the domestic public-works projects, and the helter-skelter irresponsible, shocking manner in which similar public-works projects for overseas are handled.

The annual budget presentation of ICA before the Congress, which lumps these truly distinct programs together, is so complicated that I am sure no Member of Congress can ever find the time to understand it fully—or even read it all—before casting his vote for or against the appropriations of funds requested. Our International Operations Subcommittee of the House Committee on Government Operations, of which my good friend and able colleague, the gentleman from Virginia, Mr. PORTER HARDY, is chairman, recently undertook a study of this presentation. I would like to read to you a few comments from this committee's report to the Congress:

The agency possesses almost unlimited flexibility in the transfer of funds. This arises from a combination of the broad authority conferred upon the agency by the basic mutual-security legislation, and the absence of specific details (an outgrowth of the illustrative budget) in the annual appropriation acts. Unless this excessive flexibility is curbed, improvement in the mechanics of the budget presentation alone would not assure the Congress that the programs and projects listed therein would be carried out.

The net result of lumping these various programs into a single package is confusion—confusion of the Congress, the public, and, one fears, of the ICA officials themselves. Aggravating the

problem is ICA's practice of presenting a purely illustrative budget—that is, one which sets forth various activities and types of activities as merely illustrative of the kind of program that will be carried out if changing circumstances do not prevent it. Other executive agencies are generally bound by their budget presentations, but not ICA.

Mr. Chairman, just the other day we finished consideration of the Omnibus Rivers and Harbors Act in the Committee on Public Works. When you have been through the months of work this committee has experienced considering in detail each individual project, its cost, its cost-benefit ratio, its justification, and then turn to this multi-billion-dollar mutual-security program in which the agency administering it does not have to list one specific activity for the coming year, and then you examine the difference in approach between domestic public works and mutual security, the lack of congressional control of funds becomes startlingly apparent. As pointed out in the fifth report by the Committee on Government Operations entitled "Review of the Budget Formulation and Presentation Practices of the International Cooperation Administration":

The manner of budget presentation used by ICA and its predecessors is very unlike that normally employed by executive agencies in requesting funds from the Congress. Instead of listing the specific activities which will definitely make up the foreign-aid program for the coming year, an activity or a type of activity is set forth as merely illustrative of the kind of program that will be carried out if changing circumstances do not prevent it. This has the effect of not binding the agency to any specific activities, and so the Congress never knows in advance what new activities will be started during the coming year, or what unfinished activities will be continued.

The prior knowledge by ICA personnel, at headquarters and in the field, that the illustrative budget presented is neither final nor binding upon the agency may well be a major contributing factor to the inadequacies in planning that we have noted previously. In submitting its budget, ICA seems less concerned with the presentation of a planned program than with securing a lump sum of money for expenditure as the agency sees fit.

Because of the broad authorities conferred upon the agency in the basic mutual-security legislation, and since its appropriations are not made on a country or project basis, ICA is not legally bound to hold to the country programs or levels of aid proposed. For example, so long as the funds appropriated for the category "Development assistance" are used for that general purpose, the Director can decide not to pursue any of the country programs presented to the Congress, and embark on entirely new programs in a different set of countries. If such new programs cannot be financed entirely from funds available within the appropriate category, ICA can invoke an unusual statutory authority which, within a very broad range, empowers the President to transfer funds between categories (for example, from development assistance to defense support), whenever he considers it necessary to do so in order to meet emergency situations which might arise.

Since such emergencies are frequent, ICA has made it a practice to hold appropriated funds in reserve to meet them. Substantial amounts of funds appropriated on the basis of specific programs are thus immobilized. These funds, when not used for the contin-

gencies for which they were reserved, are released for hasty programing late in the fiscal year for which they were appropriated. This has a deterring effect on the orderly and expeditious use of funds and a retarding effect on advance program planning.

The committee concluded that—

1. The illustrative method of budget presentation does not bind ICA to carry out any of the activities proposed to the Congress. In fact, it permits the agency complete discretion in the use of funds, free of the restraints, checks, and balances generally imposed upon the executive branch. It does not provide the Congress with a full understanding of what the agency is doing, what it has done, and what it intends to do.

Another conclusion was that—

ICA consistently asks for and receives more money than it has ever been able to use in the year for which requested. This practice has invited the hasty, last-minute obligation of unused funds which precludes their return to the Treasury.

And also that—

With respect to foreign-aid projects, the budget presentation lacks information on such significant items as the total estimated cost, length of time required for completion, recipient country contributions expected and received, and reasons for delays in execution.

As a result of the exhaustive survey and review of ICA budget practices, the Committee on Government Operations made the following recommendations:

1. That ICA's budget presentation include evidence of firm assurances as to the willingness, ability, and the extent of recipient country participation, and financial information adequate to permit a competent appraisal of past performance and current proposals.

2. That ICA's budget presentation include clear and complete data on "stockpiled" obligations and on the "pipeline" of unshipped commodities for each country, together with explanations therefor. Such data should clearly indicate how long these funds have been available, and the extent to which they have been carried over from 1 year's appropriation to another.

3. That ICA's budget presentation include, for each major project, clear and complete information on the overall estimated cost, length of time required for completion, recipient country contributions expected and received, reasons for any lags in implementation, and other data relevant to the determination whether funds should be appropriated.

4. That ICA's budget presentation include justification, in clear and adequate detail, of each country level of aid proposed.

5. That ICA's budget presentation include identification of those projects and programs which are based primarily on policy rather than economic considerations, together with full and specific explanations as to the necessity for such activities and how the amounts therefor were determined.

6. That ICA's budget presentation contain complete information on the proposed uses of the local currency proceeds allocated to ICA from agricultural surplus sales under Public Law 480.

Since inception of the mutual security programs, the administering agencies have enjoyed a wide, flexible authority. Originally, this was considered necessary because programs of international aid were new and there was no background of experience to guide the Congress or the administration, and because of the state of emergency which then existed.

During the last decade practices have developed which raise serious questions as to

whether this authority has been prudently employed.

We therefore recommend that the appropriate committees of the Congress reexamine the need for this flexible authority with a view toward determining the wisdom of curtailing it by the following actions:

1. Appropriate to the President an emergency fund, for which he is accountable to the Congress, separate from the planned portion of the mutual security program;

2. Limiting the broad power of the President to transfer funds from the planned portion of the mutual security program to emergency purposes;

3. Requiring ICA to improve its planned budget presentation so that the Congress as a whole may be fully informed with respect to the intended annual programs;

4. Insuring that the budget presentation be firm, rather than illustrative, either by appropriating funds on a country or project basis, or through incorporation of the budget proposal by reference into the appropriation act so that it constitutes a limitation on expenditures by the agency.

The present method of illustrative budget presentations is justified by the administration on the ground that ICA must be flexible to meet changing international circumstances. I submit that this is true where we are giving money away solely for political reasons. To a lesser extent it is true when we are speaking of military assistance. But where aid is being offered on economic grounds, it should be on the basis of long-range planning, designed to improve the living standards of other peoples and not to buy short-ranged American objectives. American self-interest will still be served, and a good deal better than it is being served now. I am not alone in this view.

Just a few weeks ago we had all this bluster from the Republican side when the Democrats were compelled to support and aid the administration-requested measure to complete the St. Lawrence seaway, by extending the loan authorization by a mere \$35 million. One would be almost embarrassed to discuss a small item like that in this gigantic foreign aid bill; it has to be at least \$200 million or \$300 million to be worthy of consideration. But the St. Lawrence seaway bill had to be spelled out in great detail, and even the interest on the interest compounded. I will say this, that the St. Lawrence seaway will be repaid in far greater proportion than any of these foreign loans that may be made under this development program.

The purpose of the development loan fund is supposedly to put economic development assistance on a repayable basis. Saying it will does not make it so, however. Frankly, I am a little disturbed at some of the ideas expressed with respect to this fund. I find some of the positions expressed completely inconsistent, each with the other.

Let me just tell you about one point that is not clear to me at all. The Subcommittee on International Operations has been concerned—and I note that a minority of the Foreign Affairs Committee was also concerned—about the more than a billion dollars of local currencies that have been accumulated by this Government under the Public Law 480 agricultural surplus disposal program. Many of us, I am sure, have wondered

just what we are going to do with this "soft" money. ICA and the State Department tell us we can not spend much of it for United States needs, because that would contribute to inflation in the countries that issued the currency. Those countries do not want to borrow it back. They want dollars, so they can buy goods abroad. The Committee on Foreign Affairs expressed this quite clearly, I believe, in House Report 776, at page 23:

During the course of its deliberations the committee considered the possibility of substituting local currency resources received from sales of surplus farm commodities under Public Law 480 for the resources requested under the fund. In general, the furnishing of farm commodities under favorable terms is of value to our foreign policy and this value was taken into account. With respect to the local currencies generated under Public Law 480, the committee concluded that although relending them is useful and convenient in reducing a government's fiscal problems, it will not help that country to buy abroad the goods it needs to help develop its economy, and thus will not reduce the need for fund dollar loans.

Now that sounds right sensible to me. That is why I find it impossible to understand the paragraph that immediately follows in the report—and again I quote:

It is contemplated that the fund will operate on a revolving basis with the payments of interest and principal on loans being reloaned as they become available. Repayment of loans in foreign currencies will be accepted when necessary to meet the requirements of the program. Such currencies could be reloaned; or might be sold for dollars to United States Government agencies needing such currencies, thus providing dollars for use by the fund.

Now if this is not a wonderful state of affairs. Local currencies received under Public Law 480 transactions cannot be loaned to foreign countries, because they do not want them, and they cannot be used in any substantial amounts for United States Government needs because of foreign problems of inflation. But the local currencies received as repayments into the Development Loan Fund will be magic money—miraculously relieved of these disabilities.

I will tell you what is going to happen. Each year, each month, that the fund is in existence, some "soft" loans are going to be made, repayable in local currency. If they get repaid at all—and I do not want you to get the idea that I consider the prospects for this very good—they will be repaid in local currency. And that local currency is going to pile up just like the Public Law 480 money is piling up. And nobody knows what to do with it. We are to wait and see, and Providence will find a way. No; ICA will find a way. Not a way to use this "soft" money, but a way to get more dollars. They will just come back and ask the Congress for some more.

Of course, that brings up another point. It will be a long time before they will be under any obligation to come back to the Congress. This bill provides them with funds for the next 3 years. The "borrowing authority" is quite a device. It is intended to paint a picture of an operation in which each

dollar that leaves the Treasury comes back as a dollar. And what if it comes back as a rupee, or a rial, or a franc, which we can't spend and which nobody wants? What becomes of the "loan" idea then?

I frankly see no difference between the "borrowing authority" we are requested to authorize today and an outright appropriation. And I doubt that there are very many of us who would vote this untried loan fund a 3-year appropriation of \$1½ billion.

The "various study groups" which are alleged to have recommended this fund had generally a restrictive comment to make, accompanying such recommendations. The gist of the warning is this: A loan fund might be a good idea. Get it planned first. Then put money into it.

I see no evidence that any planning has gone into this fund at all. Into the mechanics of its organization, advisory committees and such, some thought has gone. But how will the money be spent? Will the "soft" loans become "mushy" loans—indistinguishable from grants? I don't know.

Mr. Chairman, this bill speaks of a revolving fund. I am afraid the greater part of the revolving will be done by the Members of Congress, who will find themselves going around in circles when they try to secure information from the executive branch concerning the activities of the fund and the manner in which it is being operated.

However, what distresses me most about this bill, as the many we've passed in the past years, is the disproportionately large amounts that go to military aid for underdeveloped areas, now at a time 12 years after World War II. These people need economic aid and technical assistance, not guns. Take for example the people in Egypt, for instance, diseased and impoverished, where prejudice and passion run rife. Those people need second-rate Russian military hardware about as much as a sick man on a sickbed in a hospital needs a hole in his head. What he needs is an oxygen tent. These people need water; water for power, for irrigation.

The gentleman mentioned Jordan. Likewise those poor, backward, impoverished people in that area need second-rate American arms about as much as a sick man in the hospital needs a hole in the head. What they need, too, is water.

As my close friend and colleague from Minnesota, Senator HUBERT HUMPHREY, said, following his recent trip to the Middle East, if the United States would pay more attention to people and water and less attention to kings and to oil, I think we would have better stability in the world and a far greater opportunity to associate ourselves with the hopes and aspirations of two-thirds of the populations of the world that live in the underdeveloped areas.

Mr. Chairman, in his inaugural address, on January 20, 1949, President Harry S. Truman enunciated the idea which subsequently became known as "point 4." Describing this idea, he said:

We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for

the improvement and growth of underdeveloped areas. * * * Their poverty is a handicap and a threat both to them and to more prosperous areas. * * * Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens. * * * Only by helping the least fortunate of its members to help themselves can the human family achieve the decent, satisfying life that is the right of all peoples.

These words, this idea, still hold true today. And to an even greater extent than they did when first expressed. Since that time Congress has enacted numerous so-called foreign-aid programs, the most recent of which is the Mutual Security Act of 1954, as amended. Today we have before us a bill to continue the multiple activities which come under the general heading of the mutual security program.

I have always supported the idea of mutual security—especially the technical assistance and economic development aspects of the program. Some of the results of technical cooperation have been improved agriculture, better health, education, new industry, more international trade and a stronger relationship among the people of a country and between countries.

In considering these newest changes in the Mutual Security Program which contain a number of fundamental changes, we must face certain facts. We are living in a new time, a new era. We are living in what John Cowles so aptly described recently as a "revolutionary age, perhaps the most revolutionary in recorded history." In such an age, old concepts and ideas no longer suffice. We must begin to think and act anew. And this applies with special significance to the question of foreign aid.

The world has changed in the past 10 years and is changing even now. Nationalism has replaced colonialism. The peoples of Africa, Asia, and the Middle East are revolting against the old order, rebelling against social and racial discrimination and low living standards. This is not an insignificant group. They control one-third the votes in the U. N. General Assembly. They comprise almost two-thirds of the world's population. Do not overlook the fact that only 6 percent of the world's people call themselves Americans. And we can no longer talk about American peace and prosperity without considering world peace and prosperity. The two are indistinguishable.

So, like they say, it is a new ball game. We almost have to start from scratch, writing the rule book as we go. As Walter Lippmann said here recently, "There are no reliable maps." And he went on to say that our mission is "to work out a new relationship between the Western nations and the newly emancipated peoples of Africa and Asia. The imperial and colonial age is over. The age which is to follow is only in its dim beginnings, and it is our mission to play a leading part in working out the terms on which the peoples of the East and the peoples of the West can live side by side in confidence, in security and in mutual respect."

Essential to the success of that mission is a foreign-aid program designed to cope with the problems of this new world, this new time. What we need is a positive, long-range program designed to lift the underdeveloped nations of the world out of ignorance, poverty, hunger, and disease which make them now breeding grounds for international communism.

The question is whether or not we have such a program today and whether the bill before us is designed to give us one.

Now, I believe that technical cooperation or "point four" is what comes to the mind of most people when you mention "foreign aid." However, it accounts for only 5 percent of the total mutual security budget. The rest is made up of items called "military assistance," "defense support," and so forth. These general concepts were born shortly after the close of World War II and, like Topsy, they seem to have "just growed" into our present gargantuan mutual security program.

Immediately after the war, in pursuance of the Truman Doctrine, the United States supplied military and economic aid to Greece, where Communist insurrectionists were threatening to overthrow the government, and to Turkey, where the Soviet Union was demanding territorial concessions. Probably largely as a result of this aid, both nations became strong enough to thwart the Communist design.

Then Secretary of State Marshall proposed the European Recovery program—the Marshall plan—to help restore economies shattered by the war. Congress passed the Economic Cooperation Act of 1948 which provided for "a plan of European recovery, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rights of exchange and to bring about progressive elimination of trade barriers." The Marshall plan succeeded. The European nations have largely recovered their prewar economic strength. On Wednesday of this week, in Washington, representatives of those nations that benefited from the Marshall plan met in ceremonies to honor General Marshall, commemorating the 10th anniversary of his speech at Harvard University that led to the Marshall plan.

In the postwar period we entered also into a number of defense alliances with friendly nations throughout the world, the Rio Treaty of 1947, the creation of NATO in 1949, the Anzus Treaty and those with Japan and the Philippines in 1951, the Korean Mutual Defense Treaty of 1953, the creation of SEATO in 1954, and a treaty with the Republic of China in the same year.

Each of these programs is aimed at a common objective, yet each uses separate and distinct methods to obtain their goal. By combining such dissimilar components we have created what amounts to an administrative monstrosity.

The most recent legislation on the subject is the Mutual Security Act of 1945, as amended. Under this legislation, and

under delegations of authority from the President, the entire mutual security program is under the policy direction of the International Cooperation Administration, a semiautonomous arm of the Department of State. The ICA also administers the economic portions of the program, with the strictly military portion—provision of military hardware, training, and so on—administered by the Department of Defense.

On the general question of sound economic planning, I would like to allude to some points brought out in our recent committee investigation of ICA's budget practices. We stated in our report:

The lack of adequate preliminary planning—in both the field missions and ICA in Washington—leads to two major deficiencies recurrently noted in ICA operations.

The first of these deficiencies has been termed "overprogramming." It is the practice of requesting more funds than can be used in the coming fiscal year, often in spite of the knowledge that large amounts have not yet been expended or even committed.

The second is the related problem of the "pipeline." It is the backlog of funds, materials, or services which have not yet been delivered to the recipient country.

Let me give you a few examples of overprogramming. In India, a grain storage project was initially funded from 1952-54 funds. In March 1956, when the 1957 budget was presented to the Congress, \$1.6 million had been committed, but only a quarter of this had been spent. Nevertheless, \$3 million more was programmed for 1957. In Pakistan, under a project for intercollegiate exchange, commitments running back prior to 1955 total \$5.2 million. As of March 1956, only \$900,000 has been spent, and \$2 million more had not even been committed to specific students. Nevertheless, \$1.2 million more was programmed for 1957.

The amount in the pipeline of unshipped commodities usually runs in the neighborhood of 90 percent of the year's aid for nonproject aid alone. This means that ICA has, at the beginning of each fiscal year, approximately twice as much money as it has programmed for that year. There is often a significant gap between the amount of money ICA programs for a given country in a given year and the amount actually piped in. Small wonder that there should be substantial variance between the amounts illustratively programmed for each country and the amounts actually expended.

Under the present mutual security package arrangement, where the Congress is asked to appropriate funds for a variety of political, economic, and military purposes, without any firm commitment by the administration that the funds will be used in the manner illustrated, it is perfectly possible that funds justified, for example, on economic grounds, could be diverted to military or political uses. This has actually happened. Our subcommittee, which has the continuing duty of overseeing ICA operations to be sure that they are conducted with efficiency and economy, issued in January of this year a report on United States aid operations in Iran during the period 1951 to 1956. What happened in Iran was that funds justified to the Congress on economic grounds

as "Technical assistance" were actually spent for solely political reasons, in order to keep afloat a tottering government. Let me read you just a few of the conclusions contained in that report:

The so-called expanded technical assistance program which began in January 1952 and resulted in United States obligations of over \$100 million in a 5-year period, was neither technical assistance nor economic development, but an ad hoc method of keeping the Iranian economy afloat during the years of the oil dispute. * * * The expenditure of technical assistance funds during these years was undertaken without regard to such basic requirements of prudent management as adequate controls and procedures, with the inevitable consequences that it is now impossible—with any accuracy—to tell what became of these funds. * * * Amounts requested for United States aid to Iran seem to have been picked out of the air. * * * The conduct of the United States operations mission's affairs appears to have been based on the assumption that as long as United States aid funds were spent promptly, it was not a matter of great consequence as to what they were spent for.

Apologists for the Iran program reply in two veins. They say, "But Iran was saved from communism." Granted that Iran is not today a Communist nation, I am not personally convinced of the degree in which American aid contributed to this result.

Another reply sometimes heard is to the effect that this is all ancient history and that the mutual-security program is being much better handled today. The review of the ICA budget made by our subcommittee was based on the years 1956 and 1957 budgets, and we find the same major differences still exist today. Currently the committee is studying the operations of the mutual-security program in other countries of the world, and our study to date indicates that the case in Iran was not unique by any means.

Mr. Chairman, even with the new revolving fund this bill before us is little more than a military aid bill.

Now if the administration thinks it necessary to pay out sums of money to various foreign governments in order to induce them to maintain certain troop levels considered necessary for American security, this may well be a proper thing to do. But let us recognize that this is a military expenditure, not foreign aid. If it is considered desirable to support tottering governments with large grants, let us be frank about it and not pretend that there are economic justifications for such a course of action.

You may be a little confused at this point as to where I stand on foreign aid. Let me state that I am for it. However, I strongly object to the pretense that the so-called defense-support program has an economic basis, and I feel that the confusion of this program with those that are directed at economic goals has unfortunately tainted the latter.

The Fairless report and that of the International Development Advisory Board, to both of which I referred earlier, are in accord that the technical-assistance program should be continued. It may even be that it should be expanded. The IDAB suggestion of a revolving fund for development assistance

seems sound, if it is well administered. By that I mean, if funds are provided only for projects, weighed for essential soundness and for their value in developing the economy of the country concerned. The Fairless report recommends that the United States Government give every encouragement to the foreign investment of private capital, and I think this is sound. I believe we must realize, however, that there are investments a country must make early in its economic development which have little attraction for private capital. I am thinking of roads, schools, health measures, and so on. For these items public capital is required, and these underdeveloped countries just do not have it. They can squeeze it from the lifeblood of their people, as the Communists have done, or they can borrow it from countries like ours which have it to spare. In the long run, the bread we cast upon the waters will return, in the form of increased trade with these countries, as they develop, in the form of relations of mutual respect with the people and governments of these countries, in the form of a world of equal opportunity in which the causes of unrest and war are lessened, and in the knowledge that we have contributed to a job well done.

Let me quote from the report issued this past month by the Special Senate Committee To Study the Foreign Aid Program, which conducted a most exhaustive investigation. Under the heading "Basic Misconceptions of Foreign Aid," the report states:

Foreign aid has come to be regarded as a single device of policy capable of achieving a multiplicity of objectives. Many people in the United States have been led to this view largely by the ambiguous justifications for foreign aid in the past and because foreign aid frequently has been treated both in legislation and in administration as though it were a single device of policy. The fact is that the mutual security program contains many separate undertakings whose purposes may be, but are not necessarily, closely related.

Foreign aid has been justified at one and the same time as the answer to the prevention of further Communist expansion; as a key to national defense; as a lid to cap explosive political situations like that in the Middle East; as a vehicle for the expression of our friendship and our humanitarianism; as a means of keeping or winning the less developed nations to freedom; as a principal bulwark of world peace; as a stimulator of trade, investment, and free enterprise throughout the world; as the answer to the problem of agricultural surpluses and other lesser economic dislocations in this country.

Foreign aid, in one form or another, has been a factor in dealing with all of these questions. With respect to many of them, however, it is at best only a minor factor.

Foreign aid, in short, is not an all-powerful device to be aimed at all things, in all nations at the same time. The misconception of it as such was bound to produce, as it has produced, criticism and even hostility abroad regarding the motives of our aid. This misconception was bound to result, and it has resulted, in distortions as to the purposes, cost, and potentialities of particular types of aid. This misconception was bound to lead, as it has led, to increasing disillusionment and hostility toward foreign aid in this country.

I agree wholeheartedly with this conclusion that foreign aid is not a panacea, a nostrum to cure all our ills. It is this confused broadness of application that I have been criticizing in my remarks today. If restricted to truly economic matters, however, I believe it can be a most useful tool, benefiting this country and the world.

The problem, as I see it, is one largely of developing the resources of the world—both material and human. Nowhere is this more evident than in the underdeveloped countries of Asia, Africa, and the Middle East. I have traveled in the Middle East and seen the shocking, appalling poverty, disease, hunger, and ignorance that crushes the individual under. Economic and social development in the area is essential and much of that boils itself down to the development of resources. I think Harry Truman was thinking along these lines when he said:

With patience and courage we shall someday move on into a new era—a wonderful golden age—an era when we can use the peaceful tools that science has forged for us to do away with poverty and human misery everywhere. Think what can be done, once our capital, our skills, our science—most of our atomic energy—can be released from the tasks of defense and turned wholly to peaceful purposes all around the world. There is no end to what can be done.

I can't help but dream out loud a little here. The Tigris and the Euphrates Valley can be made to bloom as it did in the times of Babylon and Nineveh. Israel can be made the country of milk and honey as it was in the times of Joshua. There is a plateau in Ethiopia some six to eight thousand feet high that has 65,000 square miles of land just exactly like the Corn Belt of northern Illinois. Enough food can be raised there to feed a hundred million people. These things can be done and they are self-liquidating projects. If we can get peace and safety in the world under the United Nations, the developments will come so fast we will not recognize the world in which we now live.

And more recently the Chief of the Army Corps of Engineers made a similar and most significant statement:

Last month I flew over a part of far-off Iran, which formerly was known as Persia, south of the capital city, Teheran. Centuries ago a Persian poet walked some 200 miles across that land, and he described how not once did he step from beneath the shade of trees which grew along the irrigation ditches. He told about flowers and fields full of grain and melons. As I passed overhead, I searched, but could see only one shadow, that of the plane, on the hard desert floor. Two hours later we came to the green fields and orchards surrounding Baghdad, on the Tigris River. Having seen how badly water was needed and lacking in the region, I expected to find the Tigris little but a dried streambed. Instead, there below us was a large river. Then I understood why the valley that gave birth to the earliest civilizations, provided sustenance to ancient Babylon, and prospered until its irrigation works were deliberately destroyed by the descendants of Genghis Khan was now, save for isolated spots, a barren desert. The reason is simple: The modern inhabitants are utilizing only a small fraction of the capacity of the water that flows through the parched land. We must make sure that in our country, unlike Iran and Iraq, we will

develop to the fullest our water resources as we need them.

When you get right down to it, what does economic development really mean? How do you develop an economy? How do you develop human resources? Essentially, you do it through resource development: through water programs, land reforms, road construction, mineral development, and, of course, services to people such as medical care, education, jobs, and so on.

When we talk about development in the Middle East we are talking about nothing more than development of Iraq's Tigris-Euphrates Valley; improved roads and railroads; development of the Jordan River Valley; power and irrigation projects in the Nile River Valley; loans to farmers; land reform; a wider and deeper Suez Canal; and other similar projects. Have you ever noticed that when you discuss development of our own Nation you are actually talking about the exact same kind of projects? We have our Tennessee Valley, just as they have their Jordan. We need deeper and wider Great Lakes connecting channels just as they need a deeper and wider Suez. We need a Hells Canyon and Niagara just as they need an Aswan. We need a vastly improved highway system, which we fortunately have begun work on, just as they do in order to improve transportation of goods and people. The difference is we have done it, or are doing it, because we had the money and know-how to do it. I submit we have got the money and know-how to help the less fortunate of the world to do it, too.

The question is how. When we first launched a formal program of assistance to other nations, back in 1947, our primary concern was the relief and rehabilitation of war-torn Europe. We poured money and materials and technological know-how into the area, and in a very short time our European friends were back on their feet. Then we expanded operations. We went into the Middle East, Africa, Southeast Asia, the Far East, and Latin America. We approached this worldwide undertaking with the same formula that had worked so well in Europe—do it big and do it fast. And here we ran into trouble. The old formula didn't work any more.

Is it obvious that the methods that had rescued Europe simply could not produce the same results in the arid deserts of north Africa and the teeming areas of Southeast Asia and the remote back country of Latin America. Our efforts to do big things in a hurry in underdeveloped countries has resulted in chaos, confusion, and dollars down the drain.

Why didn't it work? In the first place the European recovery program was what the term implies—recovery. These nations had relatively stable economic bases upon which to start before the war ravaged them. This is not true of the underdeveloped nations. There we are not so concerned with "recovery" but with actual development. In the second place, the European recovery program was not faced with a social revolution such as is occurring in the

underdeveloped nations. Any new approach to foreign aid must take these two factors into consideration, otherwise it is doomed to fail.

As HUBERT HUMPHREY said recently "We need a new emphasis." More and more, this idea is gaining favor. Paul Hoffman, Eric Johnston, the Millikan-Rostow report, even Dulles, are talking in terms of "long-range economic aid to underdeveloped nations."

As Mr. Rostow, a staff member of the Center for International Studies at the Massachusetts Institute of Technology, pointed out in a recent Washington Post article:

A successful economic aid program cannot be conceived as a crash effort, designed to deal with an urgent crisis; it cannot be successfully projected as an anti-Communist venture; it cannot be successfully organized as a military assistance effort. It must be addressed to long-run goals, positive, constructive purposes, and to peaceful tasks. Paradoxically, it is only under such circumstances that American dollars are likely to help defeat communism, deter Soviet military aggression, and reduce the likelihood of future crises.

Mr. Chairman, it is toward that goal that we must aspire. I am afraid that this bill falls far, far short of what we need. Our mutual security program continues as a basically military program, when what we need is a long-range economic and technical assistance program. Mutual security funds will continue to be all mixed up and the variety of programs will continue to be jumbled together. The loose, slipshod and unbusinesslike manner of administration most likely will continue, although we can hope that the situation will improve.

Still and all the mutual-security program remains an indispensable part of our total policy for peace and security. In criticizing it I do not recommend its defeat. I merely want to call to the attention of the House and the Nation the fact that the present program can be greatly improved and sharpened so that it will become a truly effective weapon in our arsenal for peace.

Mr. DONOHUE. Mr. Chairman, I have never been nor am I now opposed to the fundamental purpose of this mutual security foreign aid program.

Few of us, if any, are quarreling with the basic objectives of the legislation to sensibly protect our own national security and promote the loyalty and allegiance of friendly allies against the common threat of Communist enslavement.

In considering this measure we have, in my opinion, two primary duties: to continue to insure our own safety and to exercise the greatest vigilance to prevent the useless spending of even \$1 of the American taxpayer's money.

In pursuit of these aims, I advocated, last year, the initiation of a thorough review and resurvey of this whole foreign aid program so that the Congress and the people could know how much actually the program is costing and exactly where the money was going. I regret to say that no such study has yet been fully accomplished, on results of which

we could act with more intelligence and greater justification.

A substantial part of the reason why we do not have the enlightenment of such a survey unhappily must be attributed to certain of the officials who are charged with the responsibility of administering this gigantic financial program. This unfortunate situation is emphasized in the report, issued only recently, by the House Government Operations Committee. Let me quote a pertinent extract from the committee conclusions after top officials of the International Cooperation Administration had testified before the committee:

The overwhelming reluctance which key ICA officials have displayed in laying their cards on the table before this subcommittee, indeed the apparent intent of some of the principal witnesses to snow the subcommittee under with irrelevant and gratuitous side issues, has shaken the subcommittee's confidence in the soundness of the reports on which Congress has based its judgments of the entire foreign aid operation. As a result, the serious deficiencies in the Iran program are not now the principal concern of the subcommittee. With the exercise of a good deal of charity it might be possible to understand many of these as isolated and peculiar to the time and place. But the most far-reaching and disturbing discovery the subcommittee made in the course of this investigation was that the principal officials in charge of this program either could not recognize these deficiencies or were dedicated to the task, especially in dealing with the Congress, of defending by highly questionable means indefensible performances.

Now this quoted extract expresses the views of some 30 Members of this House representing a bipartisan cross section. Their convictions were based upon documented evidence and direct testimony from the administrators of this foreign aid program.

This evidence alone, without reference to the very large amount of other disheartening revelations of waste and extravagance, is enough to indicate that the planners and theorists in the State Department and the ICA have been too preoccupied with free spending and too little concerned with the things for which the money is spent or an accounting of their actions.

Originally, one of the fundamental aims of this program was to help friendly peoples to help themselves. In the present unfortunate state of affairs, we are unable to tell whether they are getting the things they know will help them or whether some impractical officials are thrusting things upon them which they do not want. In too many instances it would appear that we are not presently encouraging a spirit of independence to stand on their own feet, in many of the undeveloped countries, but rather we are fostering a tendency toward perpetual dependence which was never intended and which could well defeat our essential Christian purpose.

It is because of these and many other like considerations that I urge the most careful scrutiny of the provisions of this bill.

Let us intensify our effort to create a rigid policy framework for our foreign aid program and then religiously follow it. I personally and very deeply believe

in the principle of reasonable assistance to needy countries. However, I just as strongly believe that it must be done within our own ability to pay the bill and administer the program efficiently, without useless and unnecessary wasting of the taxpayer's money. We must also keep this program within the capacity of the recipient countries to absorb and make good use of the help we give them. We do not have to be exploited and we do not want our generosity to be interpreted as a sign of weakness or a temptation to jealousy. This country has always been willing to assist other less fortunate countries in realizing their legitimate ambitions and improving their lot, but we cannot live and act as if we were in a dream world.

We can have a very useful and profitable point four program, we can assist backward nations in obtaining modern sanitary and productive instruments and efficient methods of utilizing them. But we must do it with practical judgment and realistic businesslike management. We need not embitter the people whom we are trying to help and we need not destroy the morale of the American taxpayer by thrusting upon them additional and unnecessary burdens.

Let us then dedicate ourselves conscientiously to a review and revision of this whole foreign aid program. In so doing, I am certain we will gain greater respect from our allies against communism and the greater confidence of our own American people in the responsibility of the Congress to act in the best national interest.

The question is on the amendment offered by the gentleman from Virginia [Mr. HARDY].

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 123, noes 105.

So the amendment was agreed to.

Mr. JOHANSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in view of the discussion here about increased flexibility and discretion on the part of the Executive, I should like to observe that the Bureau of the Budget has made very plain to this House and to the Congress that in one area of legislation with which we are going to be dealing on Monday next there is, so far as they are concerned, a determination that there shall be no flexibility whatsoever on the part of the Congress. I want to record the fact that in view of the position taken by the Bureau of the Budget opposing any pay increase for postal employees, I would like to see the matter of flexibility become at least a two-way street. I would like to see a recognition of some of the problems that we have at home and a bit of flexibility recognized as the right and the responsibility of the Congress of the United States with respect to our own citizens.

Mr. SMITH of Wisconsin. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I wish to advise the committee that I shall offer a motion to recommit, which motion to recommit will contain the Pilcher amendment.

The Clerk read as follows:

SEC. 9. Title V, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to general provisions, is further amended as follows:

(a) Amend section 503, which relates to termination of assistance, as follows:

(1) Strike out the subsection designation "(a)"; and in the last sentence of subsection (a) strike out "subsection" and substitute "section."

(2) Strike out subsection (b).

(b) In section 504 (a), which relates to small business, strike out "chapters 2 and" and substitute "chapter."

(c) Amend section 505, which relates to loan assistance and sales, as follows:

(1) In subsection (a), strike out "Assistance" in the first sentence and substitute "Except as otherwise specifically provided in this act, assistance"; and after "commodities" both times it appears in the second sentence, insert ", equipment, materials."

(2) In subsection (b), strike out the first sentence; and strike out "shall" both times it appears in the second sentence and substitute "may."

(d) In section 509, which relates to shipping on United States vessels, strike out the first sentence.

(e) In section 511 (c), which relates to retention and return of equipment, after "materials" the first time it appears, insert "on a grant basis"; and strike out "(other than equipment or materials sold under the provisions of section 106)."

(f) In section 513, which relates to notice to legislative committees, after "act" the second time it appears in the first sentence, insert "or acts appropriating funds pursuant to authorizations contained in this act."

Mr. DAWSON of Utah. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAWSON of Utah: On page 26, immediately following line 13, insert the following:

"(a) (1) Amend section 502 (b), which relates to use of foreign currency, by adding at the end thereof the following: 'The amount of local currency used by any such committee in carrying out its duties under section 136 of the Legislative Reorganization Act of 1946, as amended, shall be charged against any amounts made available to such committee from the contingent fund of the House of Representatives (if the committee is a committee of the House of Representatives) or from the contingent fund of the Senate (if the committee is a committee of the Senate) for expenses incurred by it in carrying out such duties; and the use of such currency shall be subject to all the reporting and other requirements, including limitations on travel, which apply generally to the expenditure of amounts made available to such committee from such contingent fund. No local currency shall be available for use by any committee in carrying out such duties if the amount of the currency so used, when added to the amounts actually expended from such contingent fund for the purpose of carrying out such duties, would result in expenditures for that purpose in excess of the total amount which was authorized to be expended from such contingent fund for that purpose.'

"(2) The amendment made by subparagraph (1) of this paragraph (a) shall apply only with respect to expenditures made by committees of the 86th and subsequent Congresses."

On page 26, lines 14, 20, and 22, strike out "(a)", "(b)", and "(c)", respectively, and insert in lieu thereof "(b)", "(c)", and "(d)", respectively.

On page 27, lines 7, 9, and 14, strike out "(d)", "(e)", and "(f)", respectively, and

insert in lieu thereof "(e)", "(f)", and "(g)", respectively.

Mr. DAWSON of Utah. Mr. Chairman, the amendment I propose to this bill is necessary if Congress is to regain control of the expenditure of the public's money by our own committees. In brief, it would make the amount of counterpart funds spent by committees deductible from—rather than supplemental to—appropriations we set up to cover the expenses of the respective committees of Congress.

It is only proper that we adopt this procedure. We are charged as Members of Congress with the responsibility of deciding how the revenue belonging to our people is spent, by whom and for what purpose. This is a most difficult and important assignment.

Under the present procedures governing the expenditure of counterpart funds by congressional committees we are deprived of the opportunity of carrying out this assignment. Under present procedures, Members of Congress have absolutely no opportunity to approve or disapprove the amount of our people's tax dollar—as represented in counterpart funds—our own committees, and the committees of the other body, are spending. It is time for Members of Congress to draw the strings on the counterpart cash bag and make expenditures of these funds conform to the regulations governing the expenditures of other public moneys.

Let me hasten to add at this point that I favor the use by congressional committees of foreign currency to defray the cost of committee investigations. I am convinced that with a few scandalous exceptions these funds have been spent wisely and that the savings recommended by committees as a result of counterpart-financed investigations have totaled millions of dollars. I do not want to hinder these investigations, and the amendment I propose will not hinder them.

Mr. Chairman, there is no reason for us to treat the expenditure of counterpart funds any differently from the way we treat other expenditures of the taxpayers' money. Counterpart funds are public funds just as is any dollar deposited in the treasury. For every necessary purchase the United States makes using foreign funds it owns, a like amount of United States currency is saved.

Because these funds have not been budgeted in the past, however, they have been treated loosely. We were all scandalized to learn that two employees of the other body had financed a free-wheeling, free-spending tour of Europe using counterpart funds. We were shocked and the people were angered when they justified this waste of tax money with the words "we just did what Members of Congress do." This and other instances of counterpart spending sprees are a direct result of the procedure now followed. They are the result of a procedure that gives every committee a blank check as far as the expenditure of counterpart funds are concerned. I know that every dollar spent must be

accounted for. But the accounting follows the expenditure. We are not—as in the case of other public expenditures—required to justify and budget these funds.

My amendment, if adopted, would require just that. Under the amendment, each committee would submit its budget requests to the House Administration Committee. The House of Representatives then would be asked to approve the budget request. The request under the procedure I favor, however, would take into account the possible expenditure of counterpart funds and should be large enough to cover these anticipated expenditures. For, if my amendment is adopted, the amount of local currency or counterpart funds used by any committee in carrying out its duties would be charged against any amounts made available to it from the contingent funds of the House. I anticipate that the use of counterpart funds by committees will continue under this procedure. But for every dollar of counterpart money spent, a dollar of United States funds appropriated to the committee would be saved.

The proposed amendment also would require the itemization of the expenditure of counterpart funds, applying the same limitations as are now applied to the expenditure of appropriated funds to committees. Certainly, there can be no objection to that requirement.

Mr. Chairman, in proposing this amendment I am not engaging in a fishing expedition. It would become operative with the 86th Congress since it is too late to revamp our present budget procedure this session.

The adoption of this amendment would have a salutary effect, however, on the expenditure of foreign funds owned by the United States taxpayers. We would be a little more careful of our expenditures if we knew that there was a budgetary limit that could not be exceeded without the consent of the House. I am sure that the European fling taken by the two former employees of the other body would not have occurred if the committee authorizing the expenditure knew that the cost of the spree would be charged against funds appropriated to the committee.

The adoption of this amendment, Mr. Chairman, will have another beneficial effect. It will silence once and for all the critics who, basing their premise on isolated and infrequent episodes, maintain Congress is spending counterpart funds in a wasteful manner.

I urge the adoption of the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Ohio.

Mr. VORYS. I do not know whose toes I am stepping on, and I am only speaking for myself, but as I understand the gentleman's amendment, I think it is a good idea.

Mr. DAWSON of Utah. I appreciate the gentleman's support.

Mr. BURLESON. Mr. Chairman, I rise in opposition to the amendment.

(Mr. BURLESON asked and was given permission to revise and extend his remarks.)

Mr. BURLESON. Mr. Chairman, I think the gentleman is to be commended on the purpose of his amendment. However, I fear that from the practical standpoint it is not going to do what he intends it shall do. I think the way to reach this matter is an amendment to the rules of the House itself. I certainly would support such an amendment. In this way, the issue would be met directly and cover all expenditures of this nature and not just a part.

Why do I say it is impractical? In the first place, in the expenditure of so-called counterpart funds, it is extremely difficult to get an accurate report from the embassies in the various countries on the sums of counterpart funds drawn by traveling Members of Congress. Sometimes they are as much as 6 or 8 or even 10 months in reaching the State Department. Then there is the necessity of computing the value of the money, whether it be francs or drachmas or whatever, into dollar values. It would be necessary to make certain estimates before allotment to the various standing committees was made by the Committee on House Administration. That would be extremely difficult to determine in advance unless we had some measure or formula by which to act.

I repeat, I think the gentleman's purpose is commendable and I support him in the effort to do what I think he intends should be done.

Parenthetically let me say that I have always favored the expenditure of counterpart funds by Members of Congress visiting overseas. I think it is a good way for them to be expended. As a matter of fact, I think they are better expended that way than in a great many other ways in which they are expended because I think any Member of Congress is better equipped in the global view which I think we must assume in this day in which we live to meet the problems which are presented to us from time to time. But I certainly think that every penny should be accounted for. Furthermore such an accounting should be made public.

I think it is a responsibility on all of us to resolve this question. I am ready to do it. Frankly, if I were in the gentleman's position in offering the amendment I could not do better than he has done. I do not think anyone could. But I do not think this is the place to make this change which is so greatly needed. I think it should be done directly by a change of the rules of the House itself.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman.

Mr. GARY. Did we not pass a law not long ago requiring that all of these counterpart funds be turned over to the Treasury and that any department using the funds should buy them with dollars?

Mr. BURLESON. This is what it says:

That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency

is a committee of the House of Representatives) or to the Committee on Appropriations of the Senate (if the committee using such currency is a committee of the Senate or a joint committee of the Congress), showing the total amount of such currency so used in each country and the purposes for which it was expended.

Mr. GARY. I have no objection to the accounting, but I thought that in the law that we passed some time ago we required the departments and the committees to purchase the local currencies with dollars from the Treasury.

Mr. BURLESON. I do not think that has anything to do with personal accounting. What the gentleman is trying to get at is an accounting by committees of counterpart funds spent by Members of Congress overseas. Those counterpart funds, the gentleman knows, are drawn from our embassies in the countries where the counterpart funds exist. Many times, and it is a common and useful practice, some member of the group is issued the currency and in turn the other members use it. When they leave country A to go to country B, they turn the remainder in. If they have drachmas in Greece, when they leave Greece and go to Italy they cannot spend those in Italy, where they use lire. They make an accounting. Sometimes it is months before they reach here. You have it in a lump sum, and it is impossible to tell what the individual does with it. There is a need for changing this practice of accounting and it can be done if we really want to do it.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, all the gentleman's amendment would do would be to require a committee, when it comes before the Subcommittee on Accounts, of which I am a member, to list the counterpart funds it wanted to spend as well as the dollars. That Subcommittee on Accounts is a difficult place to sit, because we are called upon to pass upon all the other committees as to how much money they estimate they need, and there is no very accurate rule you can use. Usually we depend on the chairman to come in with a reasonable estimate and we give him that.

Under the system we have today, the Committee on Foreign Affairs, for instance, for years has requested \$50,000 per biennium and turned back about \$35,000 of it because they used counterpart funds. It would merely require an additional estimate of the counterpart funds, and I do not think it would mean anything.

In addition, we are doing a thing that I am sick and tired of seeing us do. We are asking to put limitations and restrictions on Congress that we do not put on the Bureaus, because any Bureau in the executive branch can draw counterpart funds and use them, and they do. I have no objection to it. Yet now you are wanting to limit the Members of Congress from doing it.

I have offered amendments here today which would cut down this bill. I make no apology that I have used counterpart funds. If I had not, I would not have found out about some of the things I

needed to know about in order to offer these amendments. I do not think you hurt anything by having Members of Congress go and see these things for themselves. Frankly, in my opinion, what you are going to have to do is depend upon each Member of Congress and on his integrity and honesty. He is supposed to make an accounting. I do not think having them come in and request it in their appropriations is going to change anything.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Connecticut.

Mr. MORANO. Under this amendment as proposed, would not the chairman of a standing committee of the House be required to come before the House Administration Committee or the Subcommittee on Accounts, of which the gentleman is a member, and estimate how much he was going to use for investigations here in this country, for the staff, and so on, and then try to project into the next year or 2 years how much the members of his committee would spend overseas? How could he tell how much to ask the Committee on House Administration to give him?

Mr. HAYS of Ohio. Exactly. I might point out to the gentleman that the subcommittee of which I am the chairman of the Committee on Foreign Affairs has been asked by the executive branch to undertake an investigation or study of a certain phase only within the last month. I could not have guessed on that or projected it into the future. I do not know whether we are going to do it. I think it is going to take a lot of time that I do not have. But, if the committee states that it shall be done, then we will do it, I presume, in order to save dollars.

Mr. MORANO. Then, as a practical matter in other words, this amendment is unworkable.

Mr. HAYS of Ohio. That is exactly right, in my opinion.

Mr. DAWSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. DAWSON of Utah. Let us get this thing straight. The purpose of the amendment is not to cut out the use of counterpart funds. In fact, in my statement I said it would encourage the use of counterpart funds.

Mr. HAYS of Ohio. I realize that.

Mr. DAWSON of Utah. I am simply asking the Committee on House Administration to budget these items just as they do other items that the committee requests. If the committee is going to project their future operations for a year, surely under the contingent account they can draw on counterpart funds.

Mr. HAYS of Ohio. I am sorry I cannot yield further to the gentleman. The gentleman is making a good case for his amendment except that he is merely asking the subcommittee of the Committee on Accounts of the Committee on House Administration to guess whether or not we ought to allow any item and in addition to guessing how many dollars ought to be allowed. I think it is just

something that is unnecessary and unworkable and there is no point to it.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, let there be no stampede here this evening because you might not vote on this until tomorrow if you get into too much of a rush.

Mr. Chairman, I am not going to rise to commend the gentleman from Utah for his amendment and then say that we should wait until another day to do something about the spending of counterpart funds by Members of Congress. The gentleman's amendment is a good amendment.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield to me for a question?

Mr. GROSS. I yield.

Mr. WILLIAMS of Mississippi. I must say I agree thoroughly with the purposes of the gentleman's amendment, but I would like to ask the gentleman whether his amendment goes to the matter of having members of the executive branch account for the counterpart funds that they expend also?

Mr. DAWSON of Utah. No; it does not. It simply relates to the budgeting by Members of Congress through their appropriate House Administration Committee of various funds. I would be happy, mighty happy, to do the same thing for the executive branch. Let me say I have several amendments which will make it possible to do just that. I have been before not only the House Committee on Foreign Affairs, but I have an amendment pending before the Committee on Appropriations. I think the time has arrived when we have to tighten up the pursestrings all around both with the executive branch and the congressional branch in the use of these counterpart funds. If we do not do it, then this House is going to fall down on our heads.

Mr. WILLIAMS of Mississippi. Do I understand the gentleman to say that he does have an amendment prepared and ready to offer at the proper time?

Mr. DAWSON of Utah. Yes; to do exactly that all the way down the line.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BURLESON. I hope the gentleman, when he does perfect and offer his amendments, will have them reach this problem which I think we all desire, and that is to include the proposition of some committees of the Congress not coming under this act and not coming under its control where money is appropriated to a department of the executive and the executive department takes these committees of Members of Congress around all over the world and pays the expenses out of counterpart funds, an accounting of which it never sees.

Mr. DAWSON of Utah. I will say to the gentleman that I have an amendment to do that very thing which is now pending. I think we have to work all around, as the gentleman from Iowa says, this is no time to say, "No; we cannot attack this problem and that we should do it some other time." Now is the time to do it and here—right here—

this bill is the first step and we will take the next step when we come to it.

Mr. GROSS. Mr. Chairman, it surprised me the other day to read a statement concerning the disbursal of counterpart funds to note the item of "Tourism." I wonder if, under that heading of "Tourism," that would include Members of Congress as well as regular tourists.

Mr. DAWSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. DAWSON of Utah. I will say to the gentleman I was very much surprised to see a list of expenditures by committees to find that some committees of the Congress who have no business whatever being in Europe and where counterpart funds are spent and put into this fund to send some Members on these trips abroad.

Mr. GROSS. Let me say to the gentleman that I have not been overseas since 1918-19, and at that time I traveled around Europe, not on counterpart funds, but in French boxcars. I might add that I do not have to go to Europe now to know that this program ought to be cut to the bone.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. HAYS of Ohio. The item of tourism about which I think the gentleman is talking, for which counterpart funds have been appropriated, is money spent to promote the coming of tourists to that country and has nothing whatever to do with anybody's traveling on counterpart in any way, shape, or form, and if the gentleman from Utah said it did, he is mistaken.

Mr. DAWSON of Utah. If I gave that impression, I did not mean that. The gentleman is right. Those are not the funds we refer to in this amendment. This amendment relates to another matter.

Mr. GROSS. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Utah.

The question was taken, and on a division (demanded by Mr. Gross) there were—ayes 86, noes 148.

So the amendment was rejected.

The Clerk read as follows:

SEC. 10. Title V, chapter 2, of the Mutual Security Act of 1954, as amended, which relates to organization and administration, is further amended as follows:

(a) In section 521, add the following new subsection:

"(c) The President shall continue to exercise the powers conferred on him under chapter 3 of title I, relating to defense support, only through the Secretary of State and his subordinates."

(b) In section 523, add the following new subsection:

"(c) Under the direction of the President, the Secretary of State shall:

"(1) coordinate the various forms of assistance authorized by this act so that the foreign policies of the United States may be best served thereby; and

"(2) determine the value of the program under chapter 1 of title I for any country."

(c) In section 524 (b), strike out the second sentence.

(d) In section 525, strike out the first sentence.

(e) In section 527 (c), which relates to employment of personnel, after "shall be entitled" in paragraph (1), insert ", except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds two years,"; and before the period at the end of paragraph (2), insert ": *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds two years".

(f) In section 534, which relates to reports, after "504," insert "202, 400, 416."

(g) In section 535 (b), which relates to cooperation with nations and international organizations, before "in furtherance of" in the first sentence insert "consistent with and"; and before "nations" where it appears for the first time in the first sentence insert "free."

(h) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In the opening clause of subsection (a), within the parentheses, strike out "and section 124."

(2) In subsection (a), paragraph (1), strike out "1957" and substitute "1958."

(3) Amend the text of subsection (a), paragraph (10), to read "rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties."

(4) In subsection (a), paragraph (17), strike out "or" preceding "(iii)"; and after "another", insert ", (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel."

(5) In subsection (c), strike out "\$12,000,000" and insert "\$18,000,000"; and strike out "in the fiscal year 1957."

(6) Add the following new subsection:

"(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States."

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment. Page 28, line 15, strike out "2 years" and insert "30 months."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment. Page 28, line 19, strike out "2 years" and insert "30 months."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 11. Title V, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to repeal and miscellaneous provisions, is further amended as follows:

(a) In section 543, relating to saving provisions, insert the following new subsections:

"(d) Funds appropriated pursuant to provisions of this act repealed by the Mutual Security Act of 1956 or the Mutual Security Act of 1957 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any act to provisions of this act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in any act to provisions of this act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations."

(b) Amend section 544, which relates to amendments to other laws, as follows:

(1) Repeal subsections (a), (c), (d), (e), (f), (g), (h), and (i), which repeals shall not be deemed to affect amendments contained in such subsections to acts other than the Mutual Security Act of 1954, as amended; and redesignate subsection "(b)" as subsection "(a)."

(2) Add the following new subsections:

"(b) Public Law 174, 79th Congress, as amended, is hereby further amended by striking out '31.5' in the proviso at the end of section 2 and inserting '33.33.'"

"(c) Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.; 7 U. S. C. 1704) is amended by changing the period at the end thereof to a comma and adding: 'such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than 5 years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;'"

(c) In section 546 (b), relating to construction, strike out "Atomic Energy Act of 1946, as amended (42 U. S. C. 1801)" and substitute "Atomic Energy Act of 1954, as amended (42 U. S. C. 2011)."

(d) Repeal section 547, which relates to reduction of authorizations.

(e) In section 549, relating to special provision on availability of funds, strike out "chapter 3 of title I," and strike out the comma following "title III."

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment. Page 32, line 21, insert the following: "(f) Add a new section as follows:

"SEC. 550. Restriction on assistance: Notwithstanding any other provision of this act, all assistance furnished and all loans made pursuant to the provisions of this act shall be subject to the provision of the Mutual Defense Assistance Control Act of 1951."

The CHAIRMAN. The question is on the committee amendment.

Mr. VORYS. Mr. Chairman, in accordance with an understanding with the author of this committee amendment, may I say that because of the action the committee took earlier I rise to

suggest that the committee amendment be withdrawn or defeated because the matter the author had in mind was attended to earlier in the bill.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent to withdraw the committee amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. WILLIAMS of Mississippi. Reserving the right to object, Mr. Chairman, was the request made by the gentleman from Missouri?

Mr. CARNAHAN. The request was made by the gentleman from Missouri.

Mr. WILLIAMS of Mississippi. Mr. Chairman, in view of the fact that he so graciously objected to a legitimate, reasonable unanimous-consent request that I made earlier today, and I gave him my solemn promise that he would get no more unanimous-consent requests through this evening, I object.

Mrs. KELLY of New York. Mr. Chairman, I ask unanimous consent that section 550 be stricken from the bill.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

Mr. GROSS. Mr. Chairman, reserving the right to object, what is the meaning of this amendment?

The CHAIRMAN. It is printed in the bill, and the Clerk has reported it.

Mr. GROSS. Well, what does it do?

Mrs. KELLY of New York. Mr. Chairman, I had offered this section to the bill which would provide for the provisions of the Battle Act to be used at this point. However, it would have been deleted on page 7 in regard to the development loan fund, and since it was accepted in that section, I ask to have it withdrawn at this point.

Mr. GROSS. So the application of the Battle Act goes to some section of the development loan fund, the so-called development loan fund; is that correct?

Mrs. KELLY of New York. Yes, that is correct.

Mr. GROSS. The gentlewoman does not think that the Battle Act is going to be enforced any more than it has been for the last several years, does she?

Mrs. KELLY of New York. Well, I certainly hope it will be; at least, the President of the United States will have to notify the appropriate committee when he decides that.

Mr. GROSS. I doubt it. I am for the gentlewoman's amendment and commend her for offering it. I shall not object to her withdrawing the amendment at this point in the bill, but I am sure neither the gentlewoman nor anyone else can cite me one instance of where the Battle Act has been applied since it was enacted.

It has not been enforced, and it will not be made effective because to penalize some of our alleged foreign friends for supplying the Communists with strategic materials might injure their feelings.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 33 after line 2, insert the following: "(g) add a new section as follows:

"Sec. 551. Restrictions on assistance to Latin American dictatorships: Notwithstanding any other provision of this act, none of the funds made available under this act (except under secs. 306, 406, and 420) shall be expended in any country in Latin America which the Secretary of State determines is governed by a dictator."

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

[Mr. PORTER addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. BREEDING asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BREEDING. Mr. Chairman, I have listened for several days to the debate on the Mutual Security Act of 1957. I have learned through this debate that there remains in the pipeline approximately \$6.2 billion of unexpended funds, that there is \$1 billion of counterpart funds, plus \$1 billion of Public Law 480 generated local currencies available for economic development loans, or a total of \$8.2 billion. Now this bill comes along and asks for an additional \$3.2 billion, making a grand total of \$11.4 billion. It appears that if there is this much money in unexpended funds and undelivered commitments to nearly 60 countries of the world to help them in their economic and military development, at this time when economy is the watchword in our Government it behooves us to proceed with caution. If the bill could be separated in some form in order that I might be able to vote in favor of military funds for our own Government, including the money we owe for leasing airbases and the maintenance of our military forces abroad, then I most certainly would vote for that portion of the bill. Since this cannot be done, and 90 percent of the military appropriation contained in this measure would be used to help support the military forces of many foreign countries, I am sure that these funds will be more or less an outright gift to these foreign nations.

The bill also proposes to set up a development loan fund of \$500 million a year, a soft-loan program, so to speak, with low interest rates. In many cases also this money will never be repaid, but will become an outright gift. I feel the Export-Import Bank should be used for borrowing of such funds.

Since the year 1945 we have spent some \$57 billion in these various countries of the world which we call our allies, and most all of these countries are economically sound and on their feet today. I hesitate to vote for the continuation of such a program which may go on indefinitely. Since we have such a great amount of surpluses of our basic agricultural commodities such as wheat, corn, cotton, and so forth, I feel we should send these surpluses to foreign countries and accept their currency and use that to aid in stabilizing the economy of these countries, if necessary.

I come from an area in Kansas that has suffered severely from adverse weather conditions for over 5 years, and many of the people in my area are facing a financial crisis due to lower prices, higher costs, no production, and increased taxes. For these reasons, I vote for the bill reluctantly.

Mr. PHILBIN. Mr. Chairman, there is no question in my mind that the foreign aid program is marked by a degree of waste, extravagance, and improvidence that has greatly aroused the concern and opposition of many Americans.

This lengthy debate is drawing to a close and I will not presume to say more than will rather briefly outline my general views on this controversial bill.

First, I favor and support as I have always done in this Chamber the promotion and implementation of wholehearted international cooperation designed to check world communism, strengthen the free world and achieve world peace. To this end, I am prepared to support the general objectives of this legislation.

However, since I believe that on all the evidence before us, it has been clearly and conclusively demonstrated (a) that our aid, both military and economic, has been lavish, misdirected and highly questionable in all too many instances; (b) that it has not been either appreciated or properly used in many nations where it has been granted and distributed; (c) that in all too many cases, it has been wastefully, extravagantly and improvidently administered; (d) foreign aid for these and other reasons has assumed a character that strongly suggests enrichment of private interests and failure of its material assistance in terms of money and materials to reach those for whom it was intended by this Congress.

It is long past the time I think when Congress should move to cut foreign aid down very materially. Economically, many of the assisted nations have long since more than recovered from the shocks and ravaging effects of war; militarily new concepts and new weapons and devices have changed the whole world picture and warrant drastic revision and reduction of the dollar value of this type of assistance. Incidental military help and support can likewise be curtailed.

Because in principle I would rather loan than grant in relation to many activities of the foreign aid program, I intend to support a "pilot," 1-year, experimental project for development fund loans. I do not believe we should go farther in extending the program into the future and hope it will be brought back on an annual basis for the careful scrutiny and study, and, as and if necessary, the revision or termination, if justified, by the Congress.

There are currently many billions of dollars of unexpended and unobligated funds in the foreign aid "pipeline," and these huge funds will keep the program going for some time. It would not be good business or sound judgment to allow the full amount provided by the committee bill, and I propose to vote for substantial cuts across the board that will enable the program to carry

out its essential objectives in an economical and efficient manner. This is imperative if we are to have in mind the great importance this year of exercising effective economy in the interest of the American taxpayer.

While I have some very serious misgivings and doubts about this overall program, the world situation is critical and in my opinion it requires the continuance of certain aid and assistance abroad to carry out our foreign policy, to combat and check communism, and to strengthen sincere and faithful allies of the free world. But economy and efficiency and the elimination of waste, duplication, and extravagance must prevail. In that spirit, I will support the bill.

Mr. CARNAHAN. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 7, noes 168.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, pursuant to House Resolution 213, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. SMITH of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SMITH of Wisconsin. Yes, indeed, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SMITH of Wisconsin moves to recommit the bill, S. 2130, to the Committee on Foreign Affairs with instructions to report the same back forthwith with the following amendment: On page 6, strike-out line 24 and all that follows down through line 3 on page 17, and insert the following:

"Sec. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to development assistance, is further amended by striking out 'this title' and '411 (c) in section 201 (c)' and substituting, respectively, 'this title or section 400 (a) and 411 (b)'."

Mr. GORDON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. SMITH of Wisconsin. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 181, nays 227, not voting 24, as follows:

[Roll No. 148]

YEAS—181

Abbitt	Fisher	Morrison
Abernethy	Flynt	Moulder
Adair	Forrester	Murray
Albert	Fountain	Neal
Alexander	Frazier	Nicholson
Alger	Gary	Nimtz
Andersen,	Gavin	Norrell
H. Carl	George	O'Hara, Minn.
Andresen,	Grant	O'Konski
August H.	Gray	Passman
Andrews	Gregory	Patman
Ashmore	Gross	Pfost
Barden	Gwinn	Pilcher
Baring	Haley	Pillion
Bass, Tenn.	Hardy	Poage
Beckworth	Harrison, Nebr.	Polk
Belcher	Harrison, Va.	Reed
Bennett, Fla.	Harvey	Rees, Kans.
Bennett, Mich.	Hébert	Rhodes, Ariz.
Bentley	Hemphill	Riley
Berry	Henderson	Rivers
Betts	Hestand	Robeson, Va.
Blatnik	Hoffman	Rogers, Colo.
Blitch	Holt	Rogers, Fla.
Bosch	Hull	Rogers, Tex.
Bow	Ikard	Rutherford
Bray	Jarman	Saylor
Brooks, La.	Jenkins	Scott, N. C.
Brooks, Tex.	Jennings	Scribner
Brown, Ga.	Jensen	Sheehan
Brown, Mo.	Johansen	Sheppard
Brown, Ohio	Jonas	Shuford
Brownson	Keeney	Sller
Budge	Kilday	Simpson, Ill.
Burdick	Kilgore	Smith, Calif.
Burleson	Kitchin	Smith, Kans.
Byrd	Knox	Smth, Va.
Byrne, Ill.	Krueger	Smith Wis.
Cannon	Laird	Steed
Cederberg	Landrum	Talle
Chelf	Lanham	Teague, Tex.
Chenoweth	Lennon	Thomas
Church	Lpscomb	Thompson, La.
Clark	Long	Thompson, Tex.
Clevenger	Loser	Thomson, Wyo.
Collier	McCulloch	Tuck
Colmer	McDonough	Utt
Cooley	McGregor	Van Pelt
Cooper	McIntire	Watts
Cunningham,	McMillan	Weaver
Nebr.	McVey	Whitener
Davis, Tenn.	Mack, Wash.	Whitten
Dempsey	Mahon	Wier
Denton	Marshall	Williams, Miss.
Dies	Mason	Willis
Dorn, S. C.	Meader	Wilson, Ind.
Dowdy	Michel	Winstead
Durham	Miller, Nebr.	Withrow
Edmondson	Mills	Wright
Engle	Minshall	Young
Evins	Moore	
Feighan	Morris	

NAYS—227

Addonizio	Canfield	Devereux
Allen, Calif.	Carnahan	Dlgs
Allen, Ill.	Carrigg	Dingell
Arends	Chamberlain	Dixon
Ashley	Chiperfield	Dollinger
Aspinall	Christopher	Donohue
Auchincloss	Chudoff	Dooley
Avery	Coad	Dorn, N. Y.
Ayres	Coffin	Doyle
Baker	Cole	Dwyer
Baldwin	Corbett	Eberhart
Barrett	Coudert	Elliott
Bass, N. H.	Cramer	Fallon
Bates	Cretella	Farbstein
Baumhart	Cunningham,	Fascell
Becker	Iowa	Fenton
Boland	Curtin	Flood
Bolling	Curtis, Mass.	Fogarty
Bolton	Curtis, Mo.	Forand
Boyle	Dague	Ford
Breeding	Dawson, Utah	Frelinghuysen
Broomfield	Delaney	Friedel
Broyhill	Dellay	Fulton
Byrne, Pa.	Dennison	Garmatz
Byrnes, Wis.	Derounian	Gathings

Gordon	McCarthy,	Rodino
Granahan	McConnell	Rogers, Mass.
Green, Oreg.	McCormack	Rooney
Green, Pa.	McFall	Roosevelt
Griffin	McGovern	Sadiak
Gubser	McIntosh	Santangelo
Hagen	Macdonald	St. George
Hale	Machrowicz	Saund
Halleck	Mack, Ill.	Schenck
Harden	Madden	Schwengel
Harris	Magnuson	Scott, Pa.
Haskell	Martin	Scudder
Hays, Ark.	Matthews	Seely-Brown
Hays, Ohio	May	Selden
Healey	Merrow	Shelley
Heseltan	Metcalf	Slemlinski
Hess	Miller, Calif.	Sikes
Hill	Miller, Md.	Simpson, Pa.
Hillings	Miller, N.Y.	Sisk
Hoeven	Montoya	Smth, Miss.
Hollfield	Morano	Spence
Holland	Morgan	Springer
Holmes	Moss	Staggers
Horan	Multer	Stauffer
Hosmer	Mumma	Sullivan
Huddleston	Natcher	Taber
Hyde	Norblad	Taylor
Jackson	O'Brien, Ill.	Teague, Calif.
James	O'Brien, N. Y.	Tewes
Johnson	O'Hara, Ill.	Thompson, N. J.
Jones, Ala.	O'Neill	Tollefson
Jones, Mo.	Osmers	Trimble
Judd	Ostertag	Udall
Karsten	Patterson	Ullman
Kean	Pelly	Vank
Kearney	Perkins	Van Zandt
Kearns	Philbin	Vinson
Keating	Poff	Vorys
Kec	Porter	Vursell
Kelley, Pa.	Price	Wainwright
Kelly, N. Y.	Prouty	Westland
Keogh	Rabaut	Wharton
Kilburn	Radwan	Widnall
King	Rains	Wigglesworth
Kluczynski	Ray	Williams, N. Y.
Knutson	Reece, Tenn.	Wilson, Calif.
Lane	Reuss	Wolverton
Lankford	Rhodes, Pa.	Yates
Latham	Riehlman	Younger
LeCompte	Roberts	Zablocki
Lesinski	Robison, Ky.	Zelenko

NOT VOTING—24

Anderson,	Bush	Mailliard
Mont.	Celler	Powell
Anfuso	Davis, Ga.	Preston
Bailey	Dawson, Ill.	Scherer
Beamer	Fino	Teller
Boggs	Griffiths	Thornberry
Bonner	Herlong	Walter
Boykin	Holtzman	
Buckley	Kirwan	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Scherer for, with Mr. Mailliard against.
Mr. Preston for, with Mr. Holtzman against.

Mr. Bonner for, with Mr. Celler against.
Mr. Bailey for, with Mr. Kirwan against.
Mr. Davis of Georgia for, with Mr. Dawson of Illinois against.

Mr. Fino for, with Mr. Buckley against.
Mr. Herlong for, with Mr. Anfuso against.
Mr. Boggs for, with Mr. Walter against.

Until further notice:

Mr. Boykin with Mr. Bush.
Mr. Powell with Mr. Beamer.

Mr. CANNON changed his vote from nay to yea.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. CARNAHAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 254, nays 154, not voting 24, as follows:

[Roll No. 149]

YEAS—254

Addonizio	Frelinghuysen	Morgan
Allen, Calif.	Friedel	Moss
Allen, Ill.	Fulton	Multer
Arends	Garmatz	Mumma
Ashley	Gary	Natcher
Aspinall	Gathings	Norblad
Auchincloss	Gordon	O'Brien, Ill.
Avery	Granahan	O'Brien, N. Y.
Ayres	Green, Oreg.	O'Hara, Ill.
Baker	Green, Pa.	O'Neill
Baldwin	Gregory	Osmers
Barrett	Griffin	Ostertag
Bass, N. H.	Gubser	Patterson
Bates	Hagen	Pelly
Baumhart	Hale	Perkins
Becker	Halleck	Priest
Beckworth	Harden	Philbin
Blatnik	Hardy	Pillion
Boland	Haskell	Poff
Bolling	Hays, Ark.	Porter
Bolton	Hays, Ohio	Price
Boyle	Healey	Prouty
Breeding	Hébert	Rabaut
Brooks, Tex.	Heseltan	Radwan
Broomfield	Hess	Rains
Broyhill	Hill	Ray
Byrd	Hillings	Reuss
Byrne, Pa.	Hollfield	Rhodes, Ariz.
Byrnes, Wis.	Holland	Rhodes, Pa.
Canfield	Holmes	Riehlman
Carnahan	Horan	Roberts
Carrigg	Hosmer	Robison, Ky.
Chamberlain	Huddleston	Rodino
Chelf	Hyde	Rogers, Colo.
Chenoweth	Jackson	Rogers, Mass.
Christopher	James	Rooney
Chudoff	Jenkins	Roosevelt
Clark	Johnson	Sadiak
Coad	Jones, Ala.	Santangelo
Coffin	Jones, Mo.	St. George
Cole	Judd	Saund
Cooper	Karsten	Schenck
Corbett	Kean	Schwengel
Coudert	Kearney	Scott, Pa.
Cramer	Kearns	Scudder
Cretella	Keating	Seely-Brown
Cunningham,	Kee	Selden
Iowa	Kelley, Pa.	Shelley
Curtin	Kelly, N. Y.	Slemlinski
Curtis, Mass.	Keogh	Simpson, Pa.
Curtis, Mo.	Kilburn	Sisk
Dague	Kllday	Smith, Miss.
Davis, Tenn.	King	Spence
Dawson, Utah	Kluczynski	Springer
Delaney	Knutson	Staggers
Dellay	Lane	Stauffer
Dennison	Lanham	Sullivan
Denton	Lankford	Taber
Derounian	Latham	Taylor
Devereux	LeCompte	Teague, Calif.
Diggs	Lesinski	Tewes
Dingell	Loser	Thompson, N. J.
Dixon	McCarthy	Tollefson
Dollinger	McConnell	Trimble
Donohue	McCormack	Udall
Dooley	McFall	Ullman
Dorn, N. Y.	McGovern	Vank
Doyle	McIntosh	Van Zandt
Durham	Macdonald	Vinson
Dwyer	Machrowicz	Vorys
Eberhart	Mack, Ill.	Vursell
Elliott	Madden	Wainwright
Engle	Magnuson	Watts
Evins	Marshall	Westland
Fallon	Martin	Widnall
Farbstein	Matthews	Wier
Fascell	May	Wigglesworth
Feighan	Meader	Williams, N. Y.
Fenton	Merrow	Wilson, Calif.
Flood	Metcalf	Wolverton
Fogarty	Miller, Calif.	Wright
Forand	Miller, Md.	Yates
Ford	Miller, N. Y.	Younger
Frazier	Montoya	Zablocki
	Morano	Zelenko

NAYS—154

Abbitt	Bass, Tenn.	Brown, Ohio
Abernethy	Belcher	Brownson
Adair	Bennett, Fla.	Budge
Albert	Bennett, Mich.	Burdick
Alexander	Bentley	Burleson
Alger	Berry	Byrne, Ill.
Andersen,	Betts	Cannon
H. Carl	Blitch	Cederberg
Andresen,	Bosch	Church
August H.	Bow	Clevenger
Andrews	Bray	Collier
Aslmore	Brooks, La.	Colmer
Barden	Brown, Ga.	Cooley
Baring	Brown, Mo.	

Cunningham, Nebr.	Krueger Laird	Rivers Robeson, Va.
Dempsey	Landrum	Rogers, Fla.
Dies	Lennon	Rogers, Tex.
Dorn, S. C.	Lipscomb	Rutherford
Dowdy	Long	Saylor
Edmondson	McCulloch	Scott, N. C.
Fisher	McDonough	Scrivner
Flynt	McGregor	Sheehan
Forrester	McIntire	Sheppard
Fountain	McMillan	Shuford
Gavin	McVey	Sikes
George	Mack, Wash.	Siler
Grant	Mahon	Simpson, Ill.
Gray	Mason	Smith, Calif.
Gross	Michel	Smith, Kans.
Gwinn	Miller, Nebr.	Smith, Va.
Haley	Mills	Smith, Wis.
Harris	Minshall	Steed
Harrison, Nebr.	Moore	Talle
Harrison, Va.	Morris	Teague, Tex.
Harvey	Morrison	Thomas
Hemphill	Moulder	Thompson, La.
Henderson	Murray	Thompson, Tex.
Hiestand	Neal	Thomson, Wyo.
Hoeven	Nicholson	Tuck
Hoffman	Nimtz	Utt
Holt	Norrell	Van Pelt
Hull	O'Hara, Minn.	Weaver
Ikard	O'Konski	Wharton
Jarman	Paseman	Whitener
Jennings	Patman	Whitten
Jensen	Pilcher	Williams, Miss.
Johansen	Poage	Willis
Jonas	Polk	Wilson, Ind.
Keeney	Reece, Tenn.	Winstead
Kilgore	Reed	Withrow
Kitchin	Rees, Kans.	Young
Knox	Riley	

NOT VOTING—24

Anderson, Mont.	Bush	Mailliard
Anfuso	Celler	Powell
Bailey	Davis, Ga.	Preston
Beamer	Dawson, Ill.	Scherer
Boggs	Fino	Teller
Bonner	Griffiths	Thornberry
Boykin	Herlong	Walter
Buckley	Holtzman	
	Kirwan	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Mailliard for, with Mr. Scherer against.
 Mr. Boggs for, with Mr. Preston against.
 Mr. Walter for, with Mr. Bonner against.
 Mr. Fino for, with Mr. Bailey against.
 Mr. Buckley for, with Mr. Davis of Georgia, against.
 Mr. Anfuso for, with Mr. Herlong against.
 Mr. Dawson of Illinois for, with Mr. Beamer against.

Until further notice:

Mr. Boykin with Mr. Bush.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mrs. BOLTON. Mr. Speaker, in my own study of the various areas of ICA activities I have spent some time in discovering whether there have been any special programs focused upon those things particularly important to women, as well as to ask how many women serve in the ICA programs and at what levels. The results of my inquiries, though not satisfying, are both interesting and heartening.

As one travels in countries still in more or less primitive living, one is struck by the fact that the major emphasis of all those who are attempting to raise the standards of living seems to pay all too little attention to the vital part the women of all these countries will have to play in the future. It has been exceedingly good to find that ICA has made a good start, not only in the programs with a

special emphasis upon women, but also in the use of women in its employ.

The total personnel of ICA today is 5,334; overseas, 3,580; Washington, 1,754. Total women in ICA, 1,703; overseas, 775; Washington, 928.

Of this total of 928 there are professional and technical, 107; of these, 3 hold the rank of GS-15, 6 hold the rank of GS-14, 15 hold the rank of GS-13.

Administrative, 99; of these, 1 holds the rank of GS-15, 2 hold the rank of GS-14, 11 hold the rank of GS-13, leaving 722 in secretarial and other such posts.

Of the 775 women overseas, 249 professional and technical; of these 72 are in the top FSS, FSR, ICA corresponding to GS-13-15; 44 administrative—2 in the 3 top grades; 482 secretarial, and so forth.

To reduce these figures to percentages: Women in total ICA personnel, 31.9 percent; women in professional, technical, and administration positions, 29.3 percent; women in secretarial positions, 70.7 percent; women in the top three grades, 6.5 percent of total women employees; women in the top 3 grades in Washington, 4 percent; women in the top 3 grades overseas, 9.5 percent.

May I say that this is a good beginning but only a beginning. There are many women in this country who are both well trained and experienced in these particular fields. I would suggest to the ICA the increase of their use of such women in areas of policymaking as well as in administration and fieldwork. And I urge also that ICA authorities give more and more opportunities to the goodly number of junior professional women who hold grades below GS-13 and the ICA equivalents. This is particularly pertinent, Mr. Chairman, as free nations emerge from territorial and other such status in Africa, the Near East, and Asia, it becomes increasingly important to recognize the part that the women of these countries will assume in national affairs. Our program should be correspondingly orientated to their needs and their development. I would urge that ICA place greater emphasis upon this aspect of the program, and look toward placing more women in the policymaking positions of the Agency.

The ICA has submitted a statement to me which outlines in response to my inquiries the nature of the programs designed to meet the needs of women in underdeveloped countries. Certain that will be of interest, I include this as part of my remarks:

WOMEN IN ICA PROGRAMS

Most of the countries which ICA is assisting are primarily rural, and the programs for which these countries have requested ICA assistance are directed primarily to the needs of the rural people. United States technical assistance is increasingly predicated on the recognition of women as a 50-percent-plus influence in the economic and social development of cooperating countries and on the need for the family approach to improvement programs. This means that in programs in education, agricultural extension, and in community development, recognition is given to the needs of the whole family.

While most ICA programs benefit women in general ways, certain programs are directed to areas of particular concern to

them. ICA women technicians who are trained as educators, extension agents, public health nurses, health educators, and social welfare advisers have, at the request of the governments, been attached to United States missions in over one-half of the cooperating countries. All of these, through the training of nationals and work with families and communities, are directly assisting in raising the standard of home and family life.

Assistance in the training of home economics is one expanding field of technical assistance designed to meet the needs of women in better health for their families, improved homes, improved care of children, better nutrition and better use of the family income. There are now 79 individual United States trained home economists working in some 25 different countries throughout the world under the ICA program; 8 additional specialists in this field are now being recruited, and after their assignment training in home economics will be extended to 5 more countries. In addition, 11 United States colleges are assisting in the training of home economists in the cooperating countries. For example, in India, the University of Tennessee is giving technical assistance in home economics to 5 Indian institutions; in Brazil, Jordan, Panama, Turkey, and Thailand, United States colleges are working with colleges in those countries to train home economists.

The field of public health is another area in which the needs and interests of women play a predominant role in ICA activities. It is also an area in which ICA women have made a major contribution as doctors and nurses working to improve hygiene and sanitation in the homes and communities of the cooperating countries. Under the ICA program assistance in public health is extended to over 40 countries. Our programs are designed to help lay the groundwork for steadily improving public health organization and programing in the various countries, through (1) control of specific diseases; (2) improvement of environmental sanitation; (3) consultation on construction, equipment and operation of health facilities; and (4) training and education. Significant social change is taking place in many countries by the entry of young women into the nursing profession, where hitherto such a career for young women had been frowned upon. While a great deal has been accomplished, there is still much to be done in this field. More health trained personnel is needed at all levels in the newly developing countries; health administrators, doctors, nurses, nurse aids, midwives, health educators, sanitarians, laboratory technicians, research specialists, health statisticians, and others. As the need becomes more apparent, it can be expected that more and more women will be trained to move into these activities.

In the field of education, programs are carried on in 49 different countries. Those directed at the child of school age generally includes both girls and boys. Social customs and cultural patterns in certain countries have imposed some handicaps, both in the use of women as teachers and in the inclusion of girls in instruction classes. In countries of the Middle East, in particular, social customs long denied education to girls and women. This barrier is gradually being broken down, however, and in many of these countries, the ICA education programs have provided the stimulus for the establishment of the first schools for girls in the country.

In some countries adult education is part of the formal school program, and instruction is given in personal health and hygiene, child care, better agricultural practices and vocational work. In others, adults often informally come to school with children and study along with them. Thus, through ICA's education program, girls and women are being given not only knowledge of and

training in better methods of doing things, but also opportunities to participate in group and community activities.

Aid is also being given at the university level, and opportunities are being made available for an increasing number of women to obtain college training. ICA has encouraged American educational institutions to enter into agreements with foreign universities, under which the American schools extend aid in many fields of education, including training for school administrators, and normal school teachers, elementary education, rural teachers, vocational training, etc. As of now, 87 such contracts, financed cooperatively by the United States and the foreign government, are in operation with institutions of 43 countries.

In the field of social welfare, trained United States advisers are assisting in five countries in developing and strengthening social services and in training staff. These include training of medical social workers for children's hospitals and health centers and community organizers to assist communities to develop needed community services.

Thus, through the work of women technicians in education, home economics, health and related fields, countries are being encouraged to approach the needs and interests of women on a broad basis. In addition, in Iran at the request of the Government a pilot project was recently carried out in women's activities. Several women's centers were set up to provide courses for women factory workers and women prisoners. Classes were offered in handicraft, first aid, child development and group leadership, in addition to some basic homemaking courses. A day nursery was provided for working mothers. The goal of the project was to develop women leaders who could then go out and conduct similar courses for other women in other parts of the country.

In August of last year, ICA sponsored a workshop in Latin America on the Role of Women in Rural Improvement. There were participants from 14 Latin American countries, in addition to visitors from the United States and Canada. While the workshop was organized around the work of the home economist, the participants included also representatives of other fields concerned with rural family life, such as health, education, and social work. The workshop afforded an opportunity for individuals representing different technical fields and agencies as well as different countries to discuss programs, problems, and solutions of concern to all. In addition, it focused attention on the need for more adequate education for women of Latin America, as well as on the vital need for activating programs of an educational nature directed toward the improvement of rural life in the area.

In addition to the United States women technicians who go overseas to work in programs of interest to women, an increasing number of women are brought to the United States for training and observation. Though the objectives of their coming are primarily for observation and training in technical fields, each is given an opportunity also to observe women's activities in this country and to become acquainted with the numerous ways in which women participate in all phases of life in the United States.

The newly independent and emerging countries are increasingly using the community development technique in their nation-building programs to enlist the interest and encourage the participation of the bulk of their people—men, women, and youth—in self-help endeavors to raise standards of living, increase productivity and achieve certain political objectives. ICA is assisting 20 countries to carry out such programs. This is a social process by which the people of a community organize themselves for planning and action; define their common and individual needs and problems; make

group and individual plans to meet their needs and solve their problems; execute their plans with a maximum of reliance upon community resources; and supplement their resources, when necessary, with services and material from governmental and nongovernmental agencies outside the community.

These programs include multipurpose village-level women workers. ICA women technicians assist in the training of these workers in the basic techniques of hygiene, environmental sanitation, food preservation and preparation, and child care, in addition to methods of organizing group activities and utilizing educational techniques.

Since most underdeveloped countries are largely agricultural, the programs are oriented to the needs of the rural areas. However, one country—Ethiopia—has requested assistance in a program for women in the urban area of the capital, and ICA has financed a contract with the YWCA to assist the Ethiopians to organize and operate a center for young women. This center is providing educational classes in such things as home management, cooking, child care and first aid, in addition to leadership training.

This question as to whether any thought has been given to creating a specific division in overseas missions designed to fit the women of the country in their particular needs was carefully considered by the Agency in 1954-55. The idea that perhaps our overseas programs were not sufficiently tailored to meet the needs of women and the family resulted in the dispatch of a survey group to the field in the fall of 1954. Recommendations of that survey group for a women's program were referred for comment to outstanding women in the field and to a special meeting of representatives from national organizations. The conclusion of that meeting was that there was no need to establish a women's affairs division as such. It was in fact concluded that to set up such a division would hinder rather than assist the Agency in applying to its technical assistance programs the basic principle that women, as well as men, must share in efforts to improve the economic, political, and social wellbeing of the family, the community and the Nation. The status of women in a country is a matter that outsiders, especially those who represent a foreign government, must approach delicately, if at all. The challenging of old ways must be done by people themselves when they see change is necessary for progress to take place.

It was therefore considered unwise to adopt any program which would tend, by its very nature, to focus on women as something separate and apart, thus emphasizing their difference of status. Rather, it seemed more desirable to make the emphasis subjective, as opposed to objective, and approach the problem through renewed efforts to assure that women's needs and interests were encompassed in the whole of our program planning.

The ICA technical-assistance program and the technicians associated with it are constantly influencing and hastening changes in attitudes toward the participation of women in community life. United States women technicians are not only demonstrating the ability of women in technical fields, but are also proving a point through example—by being accepted as a normal part of the technical group without losing face or being adversely affected.

ICA expects to continue its efforts and to seek new ways of fuller exploitation of women's role in improvement programs. The results of the Latin American workshop referred to in answer to the second question are being studied, and consideration is being given to similar workshops in other areas.

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent that all Members

who spoke on the bill today may be permitted to revise and extend their remarks.

Mr. WILLIAMS of Mississippi. Mr. Speaker, reserving the right to object, in line with my previous statement, in view of the author of the request, I am compelled to object. If some other Member should make the request I would not object.

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I object.

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent that the gentleman from Georgia [Mr. LANHAM] may extend his remarks in the RECORD and include extraneous matter.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I object.

GENERAL LEAVE TO EXTEND

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that all Members who have spoken in the Committee of the Whole on the bill just passed may have permission to revise and extend their remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

MOTION TO DISCHARGE COMMITTEES

Mr. McCORMACK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McCORMACK. Mr. Speaker, the rules provide that after a motion to discharge a committee has been on the Calendar of Motions to Discharge Committees 7 days, it shall be in order on the second or fourth Monday of any month to call up such a motion, and so forth.

The particular motion to which I refer is the one having been signed by 218 Members and referred to the calendar on July 11. It proposes to discharge the Committee on Rules from further consideration of House Resolution 249, making in order consideration of H. R. 2474, the so-called postal employees pay raise bill.

I should like to propound a parliamentary inquiry to ascertain from the Speaker whether it will be necessary to have a session of the House tomorrow in order

to comply with the 7-day provision of the rule to make it possible to call up the motion on Monday next?

The SPEAKER. In reply to the parliamentary inquiry, the Chair will state that the motion to which the gentleman refers, having been signed by 218 Members, was referred to the Calendar of Motions to Discharge Committees on Thursday, July 11. Counting that day, Friday, July 12, and the 5 days the House has been in session this week, the 7-day requirement of the rule has been met as of today, and the motion may be called up under the rule on Monday next, whether the House is in session on tomorrow or not.

ADJOURNMENT UNTIL MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourns to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SECRETARY OF AGRICULTURE, EZRA T. BENSON

(Mr. McGOVERN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McGOVERN. Mr. Speaker, a press report appearing in the Washington Post of July 16, 1957, informs us:

Agriculture Secretary Ezra T. Benson yesterday asked Congress for authority to drop acreage controls for corn and set price supports on the key feed grain at any level he deemed advisable. * * * Benson advocated junking the 20-year-old acreage-control system on corn, the Nation's basic livestock feed grain. At the same time, he urged repeal of a current law under which price supports for corn automatically go up when surpluses go down.

Mr. Speaker, I submit that the present Secretary of Agriculture has all but demolished the corn program that was established during 20 years of constructive bipartisan effort. Now, the Secretary is proposing to remove what little remains in the form of a corn program. If he is granted power by the Congress to end the corn acreage program and to set price support levels at his discretion between zero and 90 percent of parity, the farmer will be thrown from the frying pan into the fire.

Corn is so basic to our entire feed grain and livestock price structure, that any further weakening of the corn program will have the most devastating effect on our entire farm economy.

The news article further informs us:

Benson conceded his proposal would mean lower income to some commercial feed-grain growers. But he said it would be "a great step in the direction of freedom for farmers." He also said it would reduce both the market prices and price supports of feed grains and lead to increased livestock production. This would reduce the cost of the Government farm program and "assist in meeting the public demand for economy in government," he said.

Mr. Speaker, we ought to have learned by now to be more than skeptical of the

Secretary's plans relating to farm income, surpluses, and Government economy. He has watched farm income dive by one-fourth at the same time practically every other segment of the economy was being stimulated by Federal policies that helped produce a great financial and industrial boom. The farm surplus has tripled during the time Mr. Benson has been experimenting with his farm theories and all of this has cost the taxpayers three times more in Mr. Benson's 4-year term than the previous Secretaries of Agriculture spent in 20 years.

Mr. Benson stubbornly refuses to accept the fact that dropping price-support levels is not the way to get farmers to control their production, nor is it a good way to save the taxpayers. As a matter of fact, the quickest way to bring about surplus production is to drop the farmer's price per unit to the point where he is forced to increase his total production in order to survive. Farmers have demonstrated time after time that they will gladly cooperate with a controlled-production program provided they can be assured of a reasonable price on what they do produce.

When Mr. Benson says he wants Congress to give the farmers more freedom by permitting him to lower farm price supports, he is in effect suggesting that the freedom which farmers want is the anarchy of uncontrolled production. This is the kind of freedom that permits farm prices to sink to the bottom while farm families are forced to pay through the nose for every item that they buy in an economy of administered prices.

When we have returned to the common-sense assumption that farmers cannot sell in a free market and buy in a controlled market, just so soon will we be back on the track that leads to a sound farm program.

ABOLISHING THE LEASE-PURCHASE PROGRAM

(Mr. JONES of Alabama asked and was given permission to extend remarks at this point in the RECORD.)

Mr. JONES of Alabama. Mr. Speaker, last week the Public Works Committee Subcommittee on Public Buildings and Grounds, of which I am chairman, reported out H. R. 4660 which had been introduced by me. This bill would abolish the lease-purchase program and authorize a 5-year construction program of public buildings aggregating \$1,500,000,000.

I have learned today that a vicious campaign has gotten underway to convince Members of this body, contractors, the labor unions involved, and the general public that the repeal of the lease-purchase program will result in less construction of public buildings. Nothing could be further from the fact.

I wish that every Member would take the time to read the hearings held by my committee. The testimony of the representatives of General Services Administration and the Post Office Department tell the sorry tale of the utter failure of the lease-purchase program. Although 146 buildings have been approved by the House and Senate Public Works Com-

mittees for construction under that program, only 1 building is now under construction after 3 years of the program. While certain suggestions have been made for improvement in the program, they offered little hope for actually getting any buildings started. The reason is the investors simply are not interested in the program with the present money market being what it is. The Government is the victim of its own tight money policy.

Not only is there little hope that any considerable number of buildings ever will be built under lease-purchase, but even if through some miracle a few buildings were to be constructed, the cost to the taxpayers under that program would be at least 75 percent greater than under the direct appropriation method. The reason for this is the higher interest rate and the payment of taxes on Federal buildings under lease-purchase. The latter represents a departure from all known Federal policy.

An analysis made by the General Accounting Office at my request shows that the lease-purchase program for the 146 projects approved by the congressional committees would cost more than \$750 million—that is right; three-fourths of a billion dollars—in excess of what the cost would be under the direct appropriation method. Those are the GAO figures, not mine.

My bill provides that all of the 146 projects approved under lease-purchase shall go forward under direct appropriation. Not one project will be lost. The same sites will be used and all of the architectural and engineering plans previously prepared can be utilized. In addition, there will be more than one-half billion dollars out of the \$1,500,000,000 authorized available for additional projects. Here is the one possible way of getting under way in the quickest time a program to make available the post offices and courthouses throughout the country which are so sorely needed.

It is argued that Congress will not appropriate the funds needed for a direct appropriation program since that would unbalance the budget. Never has a grosser misrepresentation been made to this body than the utterance that obligations under the lease-purchase program will not unbalance the budget while direct appropriations will. As the Administrator of General Services Administration testified in answer to a question, the obligation to pay lease-purchase contracts are just as binding an obligation of the Federal Government as are series E bonds. I for one will never believe that the Members of this body or the general public can be deluded by the misrepresentation that the Government can enter into contracts to pay hundreds of millions of dollars with interest thereon without increasing the national debt even though it is not entered into the books as such.

In this connection you should note this comment which appears in the report of the Appropriations Committee on the independent offices appropriation bill, 1958:

Next year the committee will consider financing for a \$350 million to \$500 million

public building program by direct appropriation if the present lease-purchase program is not operating satisfactorily. The GSA asked the Bureau of the Budget for \$335 million this year to finance a construction program by direct appropriation but this request was denied.

I also want to point out that my bill continues the authorization to the Post Office Department to enter into long-term leases for post offices, which authorization appears in section 203 of the Building Act of 1949.

In summary, it is highly questionable if any buildings will ever go ahead under lease-purchase. My bill makes provision for every building that was approved under lease-purchase, using the same sites and plans. Moreover, we authorized more than a half-billion dollars for additional projects which have not been included under lease-purchase. And above all, it should be emphasized the passage of the bill will be one of the most substantial economy moves of this Congress since it will save more than \$750 million in connection with the 146 projects already approved and untold millions more in the future.

MUTUAL SECURITY APPROPRIATIONS

(Mr. FORRESTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FORRESTER. Mr. Speaker, during my service in Congress it has been my responsibility annually to vote upon legislation providing mutual security appropriations. This legislation has of course been presented on the theory that the money appropriated was actually for our own defense and for the preservation of our own country against Communist aggression and that it was absolutely essential that we assist other countries so that they might join with us against Communist domination.

During that time I have consistently believed that those annual appropriations could have been reduced without any injury to the principle of mutual security. Therefore, I uniformly voted for cuts in the amounts recommended for appropriations. However, after trying to effect the proper reductions in the amounts appropriated, I always voted for that legislation on final passage. I so voted because, with all my heart, I have wanted to preserve our form of government, our Constitution, and our landmarks, and I have wanted to have a part in helping defeat communism.

Today, I am in somewhat of a quandary. Actually, I am wondering just what principles we wish to defend and to teach our allies. I ask this Congress, are we defending and endorsing certain decisions which the present United States Supreme Court says are the laws of our land? It has become utterly impossible to sustain the conviction of a Communist in the Supreme Court of the United States. That Court has held that this Congress has exceeded its powers to inquire into communism, and has severely chastised Congress for attempt-

ing to do so, and the powers of the House Committee on Un-American Activities have been virtually destroyed by that Court. That Court has opened the files of the FBI to the Communists and to the criminals, and has upset every principle of law concerning the impeachment of witnesses by contradictory statements in criminal cases. That Court has ruled that confessions are inadmissible when made by a defendant in custody of the law and before arraignment, and has thereby imposed burdens that law enforcement officers cannot cope with. That decision was virtually an emancipation for all of the high-powered criminals in this country, including those convicted heretofore as well as those whom charges are pending against. That Court has destroyed our security system investigations so far as Government workers are concerned. That Court has held that California must admit a Communist to the practice of law and in that decision virtually said that communism is simply a political theory, thereby clothing communism with respectability. That Court virtually destroyed the law of wills in the Girard school case, and in that decision laid the foundation for other far-reaching illegal decisions against our people and our Government. That Court has rendered decisions in school cases, in harmony with certain sociologists who say our Constitution is a disgrace, thereby upsetting cases that had held otherwise for over 75 years, and by such rulings based on sociology has brought disaster to our public-school systems. That Court has reversed so many decisions that destroyed our ancient landmarks that I cannot attempt to catalog them all now.

I am wondering if the rulings and principles referred to are what we wish to perpetuate? Are those rulings the principles we hope to impress upon other nations? It is my opinion that if we are to endorse those decisions by inaction, then the money we are spending and the boys we are sending overseas are in vain. If we will rise to our duty here, and restore constitutional Government then we will have something worth defending with our blood and our treasure. If we do not, then those cancers will destroy us no matter how much money we spend, no matter how many of our boys we send to early graves. I am wondering what can this country expect Congress to do at home? Will Congress take the initiative and restore constitutional Government? If Congress will, then I pledge myself to fight with you every inch of the way. If Congress will not, then so far as I am concerned, I think all our boys should be brought home, and we should stop taxing our people to support a theory that we are not defending within our own borders. Our boys and our money can doubtless be of value in opposing communism, but only with the cooperation and full support of the Congress of the United States, and those who would send our youth and our moneys overseas should be the first to see that they have fully measured up to their responsibility.

MUTUAL SECURITY PROGRAM IN IRAN

(Mr. FULTON asked and was given permission to extend his remarks at this point in the RECORD and to include a letter from the Comptroller General of the United States.)

Mr. FULTON. Mr. Speaker, following is a letter from the Comptroller General of the United States:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, July 16, 1957.

Hon. THOMAS S. GORDON,
Chairman, Committee on Foreign Affairs,
House of Representatives.

DEAR MR. CHAIRMAN: During appearances by representatives of our office before your committee on May 22 and 23 last, requests was made by Mr. Fulton for our comments on critical statements about the mutual security program in Iran contained in recent magazine articles and other documents.

Herewith are four copies of a memorandum dealing with references to the Iran program in magazine articles and public statements, which we believe were the basis for Mr. FULTON's request.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

GENERAL ACCOUNTING OFFICE: ADDITIONAL STATEMENT ON ASSISTANCE PROGRAM FOR IRAN AS ADMINISTERED BY THE INTERNATIONAL COOPERATION ADMINISTRATION, REQUESTED IN HEARINGS BEFORE HOUSE COMMITTEE ON FOREIGN AFFAIRS

In the course of testimony by representatives of our office before the House Committee on Foreign Affairs on May 22 and 23, last, Mr. FULTON, a member of the committee, requested us to furnish our comments on critical magazine articles and other publicity concerning the Iran program. In response to this request this memorandum presents our comments on references to the Iran program included in recent public documents and magazine articles which we believe Mr. FULTON had in mind.

We have previously submitted for the RECORD a summary of our findings as contained in an audit report on the assistance program for Iran which we transmitted to the Congress in March 1956. Our statement also made reference to followup action by ICA on the matters reported by us and such subsequent developments which we had been able to ascertain.

The principal administrative deficiencies in the Iran program date back to the fiscal years 1952 and 1953 when as a consequence of the urgency with which United States assistance was considered necessary, the agency entered into sizable program commitments before an adequate field organization was built up and sound programming and financial procedures were developed. Lagging administrative support by the Washington office and the Embassy accentuated the shortcomings in the program. While some of the deficiencies of the earlier years were gradually being overcome, conditions deemed to be emergent continued to affect the program in fiscal years 1954 and 1955. Our examination of activities in these years disclosed the need for greater administrative efficiency in various management areas. In particular, this applied to project planning, financial reporting, property accountability, end-use investigations, internal control at the provincial offices, and participation of the appropriate Iranian agencies in carrying a fair share of the financial, administrative, and technical responsibilities for the program.

To what extent these management areas have been actually improved since our visit

to Iran in August 1955 we are not in a position to say. As we pointed out in our previous statement to the committee, our followup in regard to corrective action in Iran was limited to contact with ICA in Washington and written representations from the overseas mission. We have not been able to send auditors to the field for a followup and to verify by on-the-spot examination the extent of improvements in administrative procedures and management practices since accomplished.

STUDY BY INTERNATIONAL OPERATIONS SUBCOMMITTEE

Subsequent to the release of our report, the International Operations Subcommittee, of the House Committee on Government Operations, undertook an extensive study of the Iran program, using our report as a starting point, holding public hearings and covering additional phases of the program not dealt with in our audit. The subcommittee's report, adopted and issued by the full committee on January 28, 1957, presented 19 conclusions which deal with the following matters:

Conclusions 1 through 5: Inadequate administration, and use of technical assistance funds to relieve emergency conditions in Iran rather than for a well-planned technical or economic aid program.

Conclusion 6: Only nominal participation by Iran in sharing costs of program.

Conclusions 7 and 8: Questionable choice of industrial enterprises receiving support with United States funds, in particular in the case of the Karadj Dam project.

Conclusion 9: Unauthorized use of technical assistance funds for a student training program, and lack of disclosure to Congress.

Conclusions 10 through 14: Questionable use of United States aid for budgetary support to Iran.

Conclusion 15: Insufficient use of loans in place of grants to Iran.

Conclusions 16 through 19: Inadequate or misleading presentation to the Congress on proposed and actual use of aid funds.

The Director of ICA has furnished his agency's comments on the 19 conclusions; they are inserted in the record of the hearings before the House Committee on Foreign Affairs (pp. 619 to 629). The conclusions represent the opinion of the subcommittee, and are based in part on information developed through its own investigations and hearings rather than by the General Accounting Office. In these circumstances we do not believe it would be proper for us to express our views on these conclusions.

CONDITIONS REPORTED IN READER'S DIGEST, FEBRUARY 1957

In the February 1957 issue of the Reader's Digest an article appeared under the title "How Not to Handle Foreign Aid," by Bernard S. Van Rensselaer, dealing principally with conditions pertaining to the ICA program for Iran. Several of the conditions reported in the article are related to findings contained in the audit report of the General Accounting Office, while certain other incidents cited in the article had been developed by the International Operations Subcommittee. It is our understanding that the author of the article had not made an independent on-the-spot review in Iran.

Following are transactions criticized in the Reader's Digest article which are related to findings in the GAO report:

1. Beet sugar refineries: The article's criticism is directed at the fact that a United States financed beet sugar refinery could not operate at capacity because Iranian farmers in the area had to be taught to grow the necessary beets. Yet the mission director bought machinery for a second refinery, and the machinery had to be stored. The GAO finding was that the machinery for both plants had been contracted for by Iran before ICA participated in the project. Ac-

tually, the agency agreed to finance overdue payments on the machinery when Iran ran short of foreign exchange. We did find that the construction of both plants, which was an Iranian responsibility, was greatly delayed and that farmers in one area had to be taught to grow sugar beets instead of poppies for making opium. We found some of the machinery in storage.

2. Distribution of Treasury checks: The article charged that the mission director distributed United States Treasury checks directly to Iranian ministers in order to obligate funds when there were not enough ready projects available. Our report, in discussing this action, stated that in August 1952 some \$1,240,616 in dollar checks were distributed to Iranian ministers for procurement of equipment outside of Iran. This action was contrary to normal procedures and the practice was discontinued at the insistence of the Washington office shortly thereafter.

3. Financing Iranian Government payrolls: The article relates the transfer of aid funds to the Government of Iran to meet government payrolls and to raise salaries. We reported the use of funds for budgetary support of the Iranian Government in general; however, we did not explore what budgetary expenditures in particular were financed by the Iranian Government with this aid. We reported that technical assistance funds were used for so-called supplementary salaries to Iranian technicians detailed by their government to work on ICA sponsored projects. This practice was defended by ICA as originally based on the need to raise their income to a level commensurate with their special skills. Subsequently, the ICA Mission adopted a policy to discontinue this practice. The subcommittee brought out that government salaries increased in the same period when Iran received United States budgetary aid.

4. Subsidy to national bank: The article mentions a subsidy to the national bank. This apparently refers to the \$10 million grant to Bank Mellat for note cover, to tide the bank over a shortage of currency. Eventually these dollars were sold by Bank Mellat to commodity importers, and corresponding local currency was deposited into the counterpart account. Most of the counterpart was returned to Iran as budgetary support.

5. Staffing and automobiles: The article infers that the staffing and automotive facilities were excessive. A staff of 400 persons mentioned in the article corresponds to the status found by us at the close of fiscal year 1955. The ICA Mission then employed 220 United States Government technical and administrative personnel and 88 Iranian support personnel; there were also about 100 persons engaged under ICA financed contracts with American universities, etc. The article did not mention that the American-Iranian Joint Fund employed an additional 3,800 Iranian technicians and support personnel who were used to carry out the program.

The regional office quoted in the article as having 53 automobiles and 41 chauffeurs for 55 employees reflects the situation which we reported as having observed in the provincial office of Shiraz. At this office, we noted 9 American and 46 Iranian technicians. However, ICA explained that Iranian ministry employees and support personnel of the provincial office were also using these vehicles. The vehicles consisted of carryalls, jeeps, trucks, and station wagons.

6. Unused equipment: The article stated that "machinery and other physical assets worth at least \$25 million, were scattered in such a way that no one has yet been able to discover where they all went." The GAO report related that we observed unused agricultural equipment in several locations around the country; also that the mission

did not maintain an effective system of property control and was undertaking, starting in the summer of 1955, an inventory of all equipment to serve as a basis for establishing such control. The financial statements show that expenditures for project activities through June 30, 1955, totaled \$24.9 million, but this includes, besides the acquisition of property, the costs of services, supplies, and amounts of dollars converted into rials in order to meet local expenses. The amount of equipment purchased did not appear in the records.

7. Karaj Dam: The chief criticisms in the article were:

1. Use of hydro power instead of much less expensive steam power. Iran has the fuel oil for steam power whereas the proposed dam is to be in a valley having inadequate water supply and requiring a huge 565 foot high dam.

2. Pushing plans for the dam against the advice by leading experts in the United States and in the face of Iranian reluctance.

3. Increase in estimated costs from an original \$17 million to \$28 million, and then up to \$90 million, and unwillingness of Export-Import Bank to participate in the financing.

4. Construction of a bypass road at a cost of \$3.5 million, high in the mountains, while there was and still is no dam as yet.

GAO findings brought out indecision regarding construction and financing of the dam, and the doubtful need for the bypass road in case the dam is never built. The controversy of steam versus hydropower and doubt as to the willingness of the Export-Import Bank to finance the project, were brought out in the investigation of the subcommittee.

8. Cotton mill: The financing of equipment costing \$2,246,000 for what Reader's Digest called an ultramodern cotton mill near Teheran, and the fact that the mill lacks power to run the machinery, was cited in the GAO report.

9. Laxity in handling of funds: The article claims that such laxity was confirmed by State Department auditors and GAO investigators. Reference to State auditors apparently refers to investigations made by State of irregularities discovered in the Embassy. Our audit disclosed laxity in several respects, discussed in our report under two main headings: (a) deficiencies in the earlier years of the program (1952 and 1953) such as lack of control over dollar obligations and lack of accountability for local currency funds, and (b) current need to strengthen internal control to prevent irregularities. We reported that the earlier deficiencies had been substantially remedied by the end of fiscal year 1954, and regarding the need for strengthened internal control, we reported that the Mission was contemplating adoption of certain procedures recommended by us. However, we have no evidence as to whether personnel assignments and procedures in the Embassy and ICA provincial offices have been sufficiently strengthened.

We also recommended more effective control over the release of counterpart funds for budgetary support; the agency thought the system adequate although it conceded that more effective control could be established.

ARTICLE IN READER'S DIGEST, APRIL 1957

The article entitled "Our Foreign-Aid Program: A Bureaucratic Nightmare," by the Honorable GEORGE MEADER, Representative of Michigan, makes no direct reference to the aid program for Iran. The ICA submitted a reply to the charges contained in the article, inserted in the CONGRESSIONAL RECORD of June 14, 1957, pages 8222 to 8225.

ADDRESS BEFORE DETROIT ECONOMIC CLUB ON APRIL 22 1957

An address on April 22, 1957, before the Detroit Economic Club by Mr. Bernard S. Van

Rensselaer, entitled "Are We Getting Our Money's Worth Out Of Foreign Aid" (CONGRESSIONAL RECORD, May 8, p. A3487), dealt with three conditions pertaining to the Iran program.

1. Construction of sugar plants although there is little sugar in Iran. This transaction is the same as previously discussed in connection with the February article in Reader's Digest under the heading of beet sugar refineries. ICA and its predecessor agencies decided to render financial support to these plants because (1) Iran was unable to pay for machinery previously contracted for, and (2) it was considered desirable to educate the Iranian farmers in the cultivation of sugarbeets, and to discourage their growing of poppies which are commonly used in Iran for making opium.

2. Financing a textile factory without providing needed power. The plant here referred to is the Tchitsazi cotton mill which was also discussed in the February article in Reader's Digest. Total United States investment in the plant was \$2,246,000, including \$500,000 for American-made looms mentioned in the address. The installation of adequate power facilities was considered an Iranian responsibility but when the lack of power appeared to jeopardize eventual use of the United States financed machinery, ICA became concerned and hired an American consultant firm to advise the Iranian authorities on the technical aspects of the problem.

The address further mentions that the ICA-financed looms require high-grade cotton, of which there is little in Iran. Information available to us indicates that Iran grows all of its raw cotton requirements but because of the lack of processing facilities, has imported substantial quantities of manufactured cotton in the form of yarn and cloth. At the time of our visit to Iran, the looms were not in operation, except for trial runs, because of the lack of power, and there was no indication whether or not the type of machinery supplied by ICA was suitable. Subsequently, in August 1956 the mission in Iran reported that the ICA-financed machinery was in the process of being moved to accommodate other equipment that was purchased by the Iranian authorities with their own funds. The reasons for the substitution in machinery were not stated in this communication from the field.

The address also mentions the lack of skilled operators and maintenance helpers. At the time of our audit we observed that under ICA sponsorship selected Iranians received training in the use and maintenance of the imported textile machinery as provided in the project agreement.

3. Inadequate staffing of ICA Industry Division in Iran. The address mentions 6 successive directors in the division during a 4-year period, none of them apparently having the desired qualifications. We observed during our audit, and the agency admitted to, inadequate staffing in Iran, in particular in the field of industry, attributed in some measure to recruitment difficulties. Since fiscal year 1955, the agency has engaged the services of an American consultant firm to render assistance in the field of industrial management. At the time of our field visit in 1955, the mission's own staff numbered 11 technicians and support personnel in its industry division, and 19 employees in its engineering and construction division.

CHANGES IN RURAL MAIL SERVICE

(Mr. STAGGERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STAGGERS. Mr. Speaker, I have been receiving protest after protest from

all over my district on changes in rural mail service. This morning I received 5 petitions of protests to the change of mail service effective July 1, 1957, of approximately 500 citizens of Hampshire and Hardy Counties, W. Va. The signers of these petitions are prominent people of both political parties and therefore this is not a partisan fight.

The changes made on July 1 are in direct opposition to the wishes of the patrons. This is a Government of the people, by the people and for the people and it is time that the Congress of the United States takes cognizance of the high-mannered way in which the postal authorities are changing our long-established mail service under the disguise of economy.

Under the administration's reorganization of postal service my mail on postal matters has doubled. I am informed time after time that these changes are being made in the rural mail service and fourth class post offices in the name of economy. Yet we know that the Post Office appropriations are ever increasing. These rural citizens are as important in our national scheme of living as people in any of our large cities and certainly their voice and wish should be considered just as much as those in our large metropolitan centers.

I am anxious to see the budget balanced, not for political reasons, but for the welfare of the American taxpayer. I do not believe that depriving the patrons in our rural sections of adequate mail service would be of any great saving. It is the wrong way to economize if we are going to return part of our citizens to the "horse and buggy days." Once again, in the name of economy, we are asking our rural citizens to carry the brunt of bad judgment in Washington. It is my hope that we can do something to stop this mismanagement and get on a straight road of commonsense.

POISONING DEBATE

(Mr. REECE of Tennessee asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. REECE of Tennessee. Mr. Speaker, on Tuesday, July 16, 1957, the Washington Post carried an editorial entitled "Poisoning Debate." In essence, the Post charges that I made a scurrilous personal attack on my colleague, the distinguished gentleman from Oregon. The Post states that in many parliamentary bodies I would be ejected from the floor unless I apologized and the very least that should be done is to expunge my remarks from the RECORD. This editorial constitutes a basis for a point of personal privilege but I prefer not to so dignify it. However, I feel that it cannot go unanswered and if the facts are fully set forth, it may appear that this editorial was written in haste and without serious reflection. The Post is an avowed apostle of exactitude and the factual approach to problems. Never does this paper miss the opportunity to criticize public officials or private persons when they feel that such individuals have made wild

free-swinging attacks on other persons which attacks are unjustified by reality.

It is my intention to give some of the known and admitted facts pertinent to this question. As previously stated, the Post described my remarks as scurrilous, which word is defined by Webster's dictionary as meaning indecent, abusive, or opprobrious language. If there is no basis in fact for my remarks, I would agree that they might be so characterized. The Post further states that my saying the gentleman from Oregon "is fomenting revolution" is a "palpable distortion." Webster's dictionary would define palpable distortion in this context as an obvious perversion from true meaning. My understanding of the gentleman's position is based on his own verbal expressions and his own actions.

The gentleman has admitted to the press and on the floor of the House that he has visited Puerto Rico, Costa Rica, Colombia, and several other countries in Latin America. He further admits that during the course of such visits he has addressed and conferred with political exiles living outside the borders of their countries. The New York Times on Sunday, June 9, 1957 reported that the gentleman from Oregon had addressed a large audience including outstanding Dominican political exiles. On June 13, 1957 the gentleman from Oregon told the House in a statement on page 8101 of the CONGRESSIONAL RECORD of that date, that he had, in fact, addressed Dominican exiles in Puerto Rico on the date mentioned in the New York Times. The Times reported that the gentleman from Oregon had assailed the Dominican Government and the gentleman, in his statement to the House on June 13 said, and I quote:

I told the Dominican exiles that if I were a Dominican I'd be a revolutionary.

The Times on June 9 further reports that among the organizations in the gentleman's audience in San Juan were the Dominican Revolutionary Party and the Dominican Revolutionary Vanguard Party. Is there any doubt that these organizations or their members are actively seeking to overthrow the government of the Dominican Republic?

The gentleman from Oregon does not deny that his audience aspired to depose the Dominican government by violence, if necessary. When a person holds the office of a United States Representative, he speaks with significant authority and it is impossible to divorce himself as an individual from his official position as a representative and spokesman for the United States Government. As such, his utterances carry weight far exceeding those of a private citizen. It is a known fact that a single Member of Congress can play an important role in influencing the policy and actions of the United States Government. When an American Congressman addresses a revolutionary group and states that if he were one of them he would be a revolutionary, he is most certainly exciting them to action and stamping their revolutionary activities with his personal seal of approval.

As I mentioned, the Washington Post says that I have accused the gentleman

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 23, 1957
For actions of July 22, 1957
85th-1st, No. 129

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HIGHLIGHTS: Rep. Hagen urged transfer of certain work under Packers and Stockyards Act to FTC.

HOUSE

1. MEATPACKERS. Rep. Hagen spoke in favor of the passage of legislation to transfer certain work under the Packers and Stockyards Act from this Department to the Federal Trade Commission, and inserted the testimony of Sen. Watkins before the House Agriculture Committee supporting this transfer of work. pp. 11203-8
2. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses received from the President the semiannual report on activities under Public Law 480. pp. 11091, 11155
The Ways and Means Committee ordered reported with amendment H. R. 2151, to permit the duty-free importation of certain wools (not finer than the 46's) for carpets and other specific uses. p. D679
3. FOREIGN AID. Conferees were appointed on S. 2130, the mutual security authorization bill. Senate conferees have not yet been appointed. p. 11155
4. CIVIL DEFENSE. Rep. Huddleston called for a "more vigorous civil defense program" on a national level, particularly in regard to protective bomb shelters. pp. 11200-1
The Government Operations Committee issued a report on the "status of civil-defense legislation." p. 11216
5. VIRGIN ISLANDS. The Government Operations Committee issued a report on the operations of the Virgin Islands Government and the Virgin Islands Corporation. p. 11216

6. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee ordered reported with amendment S. 1740, to authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the CSC in assuming and maintaining the assets and liabilities of certain beneficial associations. p. D679

SENATE

7. TRAVEL; LEAVE. The Post Office and Civil Service Committee reported with amendment S. 1903, to authorize travel expenses for overseas employees (S. Rept. 694). p. 11092
8. CENSUS. The Post Office and Civil Service Committee reported with amendments S. 1631, to amend generally the census laws (S. Rept. 698). p. 11092
9. BUDGET. Sen. Symington discussed "the incredible irresponsibility of this administration in matters pertaining to our common defense," and inserted a column on the administration's handling of the defense budget and a list of 17 "unbelievably conflicting statements about the defense budget." pp. 11108-9
10. TOBACCO. Sen. Bennett defended his proposal that a warning label be placed on each package of cigarettes (S. 2554), and inserted an interview with the Director of the National Cancer Institute on the relation of lung cancer to smoking. pp. 11118-9
11. FARM SAFETY. Sen. Carlson announced the beginning of National Farm Safety Week and inserted the President's proclamation. pp. 11119-20
12. HOUSING LOANS. Sen. Humphrey inserted articles on the decline in housing starts and its relation to the present monetary policy, and on the public debt and increasing payments for interest rates. pp. 11125-7
13. EDUCATIONAL EXCHANGE. Sen. Smith, N. J., commended the international exchange of high school students by the American Field Service. pp. 11097-8
14. FOREIGN AID. Sen. Smith, N. J., inserted two editorials expressing "anxiety" about the effect of House foreign aid cuts on the security of the U. S. p. 11098
15. WATER RESOURCES. Sens. Goldwater and Kuchel debated Los Angeles' request for authority to build Bridge Canyon Dam in the Grand Canyon, and inserted editorials and an explanatory statement from Los Angeles. pp. 11102-4

ITEMS IN APPENDIX

16. SMALL BUSINESS. Sen. Capehart inserted excerpts from hearings before the Senate Banking and Currency Committee with reference to proposed legislation affecting the Small Business Administration. pp. A5867-8
17. TVA. Rep. Johnson, Wis., inserted an editorial, "Don't Hamstring TVA," commenting on the significance of the appointment of Arnold B. Jones as a Director of the TVA. pp. A5899-900
18. FAMILY FARMS. Rep. Knutson inserted a letter on the "plight of the family farmer under this administration," addressed by one of her constituents to the President. pp. A5905-6
19. APPROPRIATIONS. Rep. Merrow inserted an article, "The Gallup Poll: Item Veto in Appropriations Bills Favored by 60 Percent in Survey." p. A5907

House of Representatives

MONDAY, JULY 22, 1957

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Eternal and ever-blessed God, we are entering upon this new week conscious of our need of Thee.

We humbly confess that our human wisdom and strength are unequal to the many tasks which daily confront us.

Inspire us to hear and heed Thy voice and to follow the ways which Thou hast marked out for us, for they are the paths of peace.

Grant that our legislators may understand clearly and appreciate fully that good laws are the principal foundation stone of a great nation.

May we all seek to be law-abiding citizens, worthy and capable of participating in the rights and duties of self-government.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, July 19, 1957, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On July 17, 1957:

H. R. 1754. An act for the relief of Eleanor French Caldwell;

H. R. 3558. An act for the relief of Ernest Hagler;

H. R. 4342. An act for the relief of Mrs. Thomas L. Davidson;

H. R. 5728. An act to clarify the general powers, increase the borrowing authority, and authorize the deferment of interest payments on borrowings, of the St. Lawrence Seaway Development Corporation;

H. R. 6191. An act to amend title II of the Social Security Act, as amended, to extend the period during which an application for a disability determination is granted full retroactivity, and for other purposes;

H. R. 7238. An act to give the States an option with respect to the basis for claiming Federal participation in vendor medical-care payments for recipients of public assistance;

H. J. Res. 288. Joint resolution to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens;

H. J. Res. 290. Joint resolution for the relief of certain aliens;

H. J. Res. 307. Joint resolution for the relief of certain aliens; and

H. J. Res. 316. Joint resolution for the relief of certain aliens.

On July 18, 1957:

H. R. 1359. An act for the relief of Mrs. Theodore (Nicole Xantho) Rousseau;

H. R. 2070. An act for the relief of Mrs. Rhea Silvers; and

H. R. 4159. An act for the relief of Z. A. Hardee.

AMENDING MUTUAL SECURITY ACT OF 1954, AS AMENDED

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and ask for a conference with the Senate on the disagreeing votes of the two Houses.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri. [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. GORDON, MORGAN, CARNAHAN, VORYS, and JUDD.

SIXTH SEMIANNUAL REPORT ON ACTIVITIES UNDER PUBLIC LAW 480—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with accompanying papers, referred to the Committee of Agriculture and ordered to be printed.

To the Congress of the United States:

I am transmitting herewith the sixth semiannual report on activities carried on under Public Law 480, Eighty-third Congress, as amended, outlining operations under the act during the period January 1 through June 30, 1957.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, July 22, 1957.

CORRECTION OF THE RECORD

Mr. GROSS. Mr. Speaker, I ask unanimous consent to correct the RECORD of July 19, 1957, in my colloquy with the gentleman from South Carolina [Mr. DORN]. The word "offered" should be changed to "opposed."

The SPEAKER. Without objection, the correction will be made.

There was no objection.

THE LATE KENNETH ROBERTS, OF KENNEBUNKPORT, ME.

(Mr. HALE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HALE. Mr. Speaker, I feel it my painful duty to announce to the House this morning the death yesterday of my friend, Kenneth Roberts, of Kennebunkport, Me.

Mr. Roberts was known throughout the world as a writer of historical novels which included among others Lively Lady, Arundel Rabble in Arms, Northwest Passage, Oliver Wiswall, Lydia Bailey, and many others. All of these books were and still are widely read in English and in other languages.

Mr. Roberts probably knew as well as any professional historian the years of the American Revolution and the period which preceded it. All of his books drew their inspiration from Mr. Roberts' love of our country and particularly of the Maine countryside.

On a later occasion, I will attempt some more adequate discussion of his life and career. I want to record this morning the sense of my personal sorrow and of the Nation's loss. My sympathy goes particularly to his devoted wife, Anna Roberts, who was his constant collaborator.

POSTAL EMPLOYEES PAY INCREASE

(Mr. MUMMA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MUMMA. Mr. Speaker, I would like to take this opportunity to state my position on the postal pay legislation that is coming up today, since I do not expect to get time during debate.

I have received visitations and some letters on the subject of the postal pay increase to which I have repeatedly pronounced that I thought the first consideration of this House should be the postal rate bill. That is the position I am going to take on it today. Unless there is some method by which we can get the postal rate bill considered first, I am going to vote against a salary increase, not that I am against a raise for the postal employees, especially with the rise in the cost of living. I have on occasions heard their leaders in national affairs tell them not to support General Summerfield in his rate raise. I do not think it is a good attitude to take, nor in the public interest.

CORRECTION OF THE RECORD

Mr. ADAIR. Mr. Speaker, in the CONGRESSIONAL RECORD for Thursday, July 11, at page 10289, I am quoted as follows:

Mr. ADAIR. Answering the question of the gentleman from Pennsylvania [Mr. FULTON],

as to the more provident handling of the estate, you asked of about putting a premium upon those who handle the estate, and of course guardianships are handled and supervised under the local law. The local law will not permit a guardian of a survivor to dissipate the assets held by the guardian. I think that is the answer to your question.

It should read:

The gentleman from Pennsylvania [Mr. FULTON] asked if this legislation would not tend to cause the improvident handling of veterans' estates. I think we have adequate safeguards because guardianships are handled and supervised by the courts under State laws. These laws will not permit the guardian or conservator to dissipate unwisely the assets held in the guardianship. I think that is the answer to your question.

The SPEAKER. Without objection, the permanent RECORD will be corrected accordingly.

There was no objection.

POSTAL EMPLOYEES' PAY INCREASE

Mr. THOMPSON of Louisiana. Mr. Speaker, under clause 4, rule XXVII of the House, I call up motion to discharge No. 2, to discharge the Committee on Rules from the further consideration of House Resolution 249, providing for the consideration of the bill (H. R. 2474) to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department.

The SPEAKER. Did the gentleman from Louisiana sign the petition?

Mr. THOMPSON of Louisiana. Yes, Mr. Speaker; I was No. 1.

CALL OF THE HOUSE

Mr. HEMPHILL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MCCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 150]

Anderson,	Davis, Tenn.	Metcalf
Mont.	Dawson, Ill.	Miller, N. Y.
Avery	Dorn, N. Y.	Moss
Baker	George	O'Brien, Ill.
Beamer	Gordon	Pillion
Boggs	Gregory	Porter
Boykin	Holtzman	Powell
Boyle	James	Preston
Byrne, Ill.	Kluczynski	Staggers
Celler	Knox	Teller
Clark	Laird	Thompson, N. J.
Collier	Lesinski	Wilson, Ind.
Coudert	Mailliard	Yates

The SPEAKER. On this rollcall 392 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The SPEAKER. The Clerk will report the title of the resolution.

The Clerk read the title of the resolution.

The SPEAKER. The gentleman from Louisiana [Mr. THOMPSON] is recognized for 10 minutes. If any member of the Committee on Rules desires to be recognized in opposition, the Chair will recognize him. Otherwise he will recog-

nize the gentleman from Kansas [Mr. REES].

Mr. THOMPSON of Louisiana. Mr. Speaker, I ask unanimous consent that all Members be permitted to extend their remarks in the RECORD during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

(Mr. THOMPSON of Louisiana asked and was given permission to revise and extend his remarks.)

Mr. THOMPSON of Louisiana. Mr. Speaker, I should like to thank sincerely the Members of this body who have signed this motion to discharge the Committee on Rules from the further consideration of H. R. 2474.

As you know, there is only 20 minutes of debate allowed on this motion, which is in effect the rule, for House Resolution 249 merely gives the House an opportunity, as was intended by those who signed the petition, to have full debate on and the opportunity to dispose of this greatly needed postal employees pay bill.

It has been decided by the Committee on Post Office and Civil Service that there will be an across-the-board increase of \$546. The vote in the committee was overwhelming. The wisdom of voting for this discharge motion today, I am sure, is recognized by all of you.

I regard it as a high privilege to have introduced this resolution as the first step to provide a reasonable—in fact, a most modest—salary adjustment for our 500,000 postal field service employees.

I might observe, also, that once again, as so often in the past, the House is considering postal salaries under conditions which find those charged with responsibility for operating the Postal Establishment—and for maintaining sound personnel policies—opposing any pay adjustment whatever for their employees. While I acknowledge the existence of this steadfast opposition, I am frank to say that I have given it what in my judgment is its proper evaluation and find my convictions unswayed.

To set the record straight, I am convinced that the \$546 increase in postal salaries provided by this legislation is a minimum figure. Personally, I feel that the postal employees have amply demonstrated, and the facts of record clearly prove, that we are understating, not overstating, their needs in settling for this figure.

Postal employees are entitled to a pay increase that will bring them up to parity with salaries of employees with comparable responsibilities in private industry. They must regain a great deal of lost ground in maintaining a decent standard of living. They certainly have the right to share in the improved standards of living which our Nation has been blessed. I do not feel that they can accomplish these ends fully by the minimum increase now before the House, but at least it will help them keep abreast of the tremendous increases in the cost of living and in the prices they must pay for necessary commodities that are causing

real hardship among them at their present inadequate salary rates.

This is a matter of simple justice. For one thing, it will give some recognition in the form of adequate pay—which apparently they cannot obtain willingly from the Post Office Department—for their fine record of increased productivity.

Now it is all very well for officials to claim that the increased productivity of 17 percent in the past 6 years is due to improved management. But we all know that the greatest manager in the world has not figured out a way to deliver a letter and place it in the mail slot in a homeowner's door by pushing a button, preparing a chart, or issuing a regulation. This can only be done by a carrier, that is, a trained and experienced employee operating in the field where the action takes place. He represents postal service to the 48 million homeowners and the million or more businessmen who daily have the benefit of his loyal and efficient service. I daresay that the overwhelming majority of these people appreciate his services considerably more than do those who presently oppose an adequate salary to compensate him for his efforts.

To my knowledge, when we consider the many impediments, the outmoded facilities, and the consistent opposition to adequate pay that has met the postal employee's best efforts, his record of increased productivity is without parallel in private industry.

There is no escaping the fact that a good measure of responsibility for lagging postal salary levels can be laid squarely at our own doors. These rates of compensation are set by the Congress, but we have failed in recent years to measure up to our responsibility and give the employees the recognition they deserve through establishing and maintaining their pay at the proper level. Recent history of postal-pay legislation has been characterized by adjustments that are "too little and too late." By the time the employees go through the long and harassing experience of obtaining congressional action—as, for example, the period in 1953 and 1954 when they were left holding the bag—and Congress does approve a pay raise, often the parade has passed them by the amount of the increase leaves the employees still a year or two behind in the economic scale.

That is one of the critical reasons for prompt action in this session of Congress. If we do not act now, what we do next year will be outdated and may be used at a later time to further confuse the issue and again delay a justified pay increase or reduce it far below the amount it should be.

I am deeply concerned also, and I am sure my concern is shared by other Members of the House, at the damaging effect of backward pay policies on postal services. There is real feeling throughout the country that our postal service is slipping badly. The postal operation, more than any other in Government or private industry, is an operation performed by individuals—500,000 of them. Some 82 percent of postal expenditures

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 2, 1957
For actions of August 1, 1957
85th-1st, No. 137

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HIGHLIGHTS: Senate adopted conference report on Agriculture appropriation bill. Rep. Cooley and others criticized USDA farm policies. Senate committee reported bills to remove green peanuts from marketing penalties, relieve certain persons of expense for khapra beetle eradication, permit charges for grain standards inspection appeals, and establish a research program to produce fish on flooded rice acreage. Sen. Neuberger criticized USDA objections to his bill to remove tobacco from price support list. Sen. Symington criticized proposed feed grains program. Reps. Cooley and Hill introduced bills to transfer certain functions under Packers and Stockyards Act to FTC.

SENATE

1. AGRICULTURAL APPROPRIATION BILL. Agreed to the conference report on H.R. 7441, the agricultural appropriation bill for 1958. Concurred in the House amendment to the Senate amendment regarding acreage reserve payments. See Digest 117 for other items of interest. This bill will now be sent to the President. pp. 12090, 12099-12107
2. LANDS; DAIRY INDUSTRY; INSECT CONTROL; GRAIN STANDARDS; PEANUTS. The Agriculture and Forestry Committee reported the following bills:
 - Without amendment H.R. 2259, to convey certain lands in Prairie County, Ark.. (S. Rept. 783);
 - With amendment S. 1962, to convey certain USDA land near Bowie, Md., to the Perkins Chapel Methodist Church (S. Rept. 784);
 - With amendments S. 1696, making surplus dairy commodities available to the Coast Guard and Merchant Marine Academies (S. Rept. 785);
 - With amendments S. 1805, to relieve certain persons of expense for khapra beetle eradication (S. Rept. 786);
 - With amendment S. 2007, to permit charges for grain standards inspection appeals (S. Rept. 787); and
 - Without amendment H.R. 6570, to exempt green peanuts from marketing quotas (S. Rept. 788). p. 12057

3. RESEARCH; RICE. The Interstate and Foreign Commerce Committee reported with amendments S. 1552, to authorize a research program on the production of fish on flooded rice acreage (S. Rept. 780). p. 12057
 4. APPROPRIATIONS. Adopted the conference report on H.R. 7665, Defense Department appropriation bill for 1958. This bill will now be sent to the President. pp. 12077-89
 5. FOREIGN AID. Senate conferees were appointed on S. 2130, the mutual security authorization bill. House conferees were appointed July 22. pp. 12089-90
 6. SMALL BUSINESS. By unanimous consent agreed to vote on S. 2504, to extend the Small Business Administration after one hour of debate on Fri., Aug. 2. p. 12154
 7. TOBACCO. Sen. Neuberger criticized the Department for what he termed an "adverse and frivolous reaction" to his proposal to remove tobacco from the list of basic crops qualifying for price supports, and inserted an article asserting that smoking causes lung cancer. pp. 12057-8
 8. FEED GRAINS. Sen. Symington inserted the Department's summary of proposals for a feed grains program and criticized these plans as giving "the farmer the kind of freedom which results in agricultural bankruptcy." pp. 12068-9
 9. WHEAT. Sen. Bricker urged enactment of a bill to exempt from penalties wheat grown for feed or seed used on the farm, and inserted articles and editorials concerning the legal efforts of an Ohio farmer to prevent ASC Committeemen from penalizing him for planting such penalty wheat. pp. 12073-5
 10. RECLAMATION; WATER RESOURCES. The Irrigation and Reclamation Subcommittee ordered reported to the Interior and Insular Affairs Committee the following bills:
S. 1031, authorizing construction of 7 units of the Greater Wenatchee Division of the Chief Joseph Project; and
S. 2431, granting Congressional consent to the Oregon-California compact in regard to the Klamath River Basin. p. D718
 11. WATER RESOURCES. Sen. Morse inserted an editorial alleging that ex-Interior Secretary McKay's appointment to the International Joint Commission was the result of the services he rendered the Administration in defending their power policies. p. 12077
 12. MISSOURI RIVER. Received from the Comptroller General an audit report on the Missouri River Basin water resources development program, Corps of Engineers and Bureau of Reclamation, for fiscal year 1956. p. 12057
 13. BUDGET. Sen. Byrd inserted a speech by Gen. MacArthur stating that taxes were too high and were causing inflation, and that the Federal budget should be reduced. pp. 12178-81
 14. ELECTRIFICATION. The Interstate and Foreign Commerce Committee reported favorably the nomination of Jerome K. Kuykendall as a member of the Federal Power Commission (S. Ex. Rept. 11). p. 12181
- HOUSE
15. FARM PROGRAM. Reps. Cooley, Poage, and Albert criticized the farm policies of this Department. pp. 12003-05

unanimous consent to the handling of any unprivileged matters in the Senate. That is also in consonance with one of the rules of the Senate, which I recommend for the study of the gentlemen who sit in the radio, television, and press gallery. I suggest that when they write on Senate procedures they have the responsibility to tell their readers and viewers and listeners the facts about the rules. I thought I had made my position very clear yesterday, but I judge, from some of the radiocasts and televisioncasts and newspaper articles, that the newspapermen were elsewhere than in the press and radio and television gallery when this matter was discussed on the floor of the Senate. At least some of the reports would indicate that they were absent in mind if not in body.

When it comes to any unprivileged matter in the Senate, each Senator has a right to object to a unanimous-consent proposal that seeks temporarily to lay aside the business pending before the Senate in order to consider such unprivileged matter. So far as the Senator from Oregon is concerned, he will object to the consideration of any unprivileged matter.

What I have just said applies to the Small Business Administration bill. Some members of the press interviewed me this morning as to what my position was on the Small Business Administration bill. I have nothing to conceal about my view. That bill is not a privileged matter. It is subject to a point of order if it is brought up on this legislative day, because it was placed on the calendar in this legislative day. If a motion were made to adjourn the Senate, which would be required in order to bring up the bill, and thus to get around the point of order I unquestionably would raise, the bill would then have to be considered in the morning hour, which ends always at 2 o'clock. Until some concessions are made in regard to a time certain to vote on the pending civil rights amendment, I want to say for the benefit of the gentlemen in the press and radio and television gallery, that I will prevent a vote during any morning hour. I have a whole series of subject matters I am just waiting to discuss in the Senate, under the rules of the Senate, in the morning hour. When I do that in the morning hour, I shall be within the rules of the Senate, and I shall be following the orderly procedures of the Senate. I hope the editors of the Washington Post, and the Washington Star, for that matter, who need a refresher course, not only on Senate procedures, but on constitutional law, will start publishing the truth about the parliamentary situation in the Senate. It is time to place the blame where it belongs for the parliamentary situation in the Senate. That blame does not rest on the shoulders of the senior Senator from Oregon but on those that vote to put the civil-rights bill directly on the Senate Calendar without consideration by the Senate Judiciary Committee.

So, Mr. President, until in the parliamentary struggle in which we are now involved we can get some concessions

with regard to the pending amendment, the Senator from Oregon repeats that every parliamentary right he has under the rules of the Senate will be exercised.

Let me say further, Mr. President, and respectfully, that I completely disagree with the position taken by a few of my liberal friends, and I understand that more and more of them are gradually coming around to my point of view, which does not surprise me, because I think I have been standing for the true liberal position with regard to this civil rights issue from the very beginning. I understand some of my liberal friends are beginning to see now that when in a parliamentary struggle negotiations are started to seek to provide a procedure for the handling of some emergency legislation, one ought to have at least a little understanding of the philosophy of David Harum.

My horse-trading propensities stand me in good stead. I do not trade away a good horse and get nothing back but a buggy whip that may be used on my own back. I at least try to get a horse of equal value.

In this particular situation, Mr. President, if there is any trade of parliamentary accommodations in this parliamentary struggle, I want a concession with regard to the jury trial amendment vote, with a time certain fixed to vote.

Oh, I know what the proponents of small business say. I hear from them, too. Let me say to them that as soon as we get through with the jury amendment and the entire civil rights issue I shall be one of the cosponsors of a bill, if someone beats me to offering the bill, to provide for the Small Business Administration. I shall be either the author or a cosponsor of a bill which will seek to reestablish the Small Business Administration, and I am sure within a few hours after we have disposed of the civil rights issue we will have the Small Business Administration back in operation.

In order to keep the record straight—I say this kindly but factually—although much blame from certain sources will be placed upon my shoulders for what has happened to the Small Business Administration bill, if certain people can get by with it, I say to them, as I said to the pear orchard spokesmen of Oregon yesterday, "What are you calling me for? Why do you not call the chairman of the conference committee regarding your subject matter? The conference report could have been brought up at any time after the conferees reached an agreement."

So, I say to those interested in the Small Business Administration bill, as I am, "What are you calling me for?"

I stood on the floor of the Senate not so many days ago and sought a 7-day period during which to handle emergency legislation. The speech was perfectly clear. I forewarned what would happen. I said in that speech that if we did not follow the course of action I suggested, other measures would be caught behind the logjam of the proposed civil-rights legislation. We needed an official committee report on the bill. But a majority of the Senate disagreed with me. They exercised their rights. They voted

against my motion to refer the civil-rights bill to the Senate Judiciary Committee with instructions to report back in 7 days. All I am doing is exercising my rights.

I am perfectly willing to let the public judge where the responsibility should rest for nonaction by the Senate on unprivileged legislative matters.

I want to say, Mr. President, in closing, that the debates we have had on the civil-rights bill—the debate of the past several days, the debate of last night, and the debate of this morning—show, in my opinion, how right I was in the position I took that there ought to be called before the Committee on the Judiciary outstanding witnesses, great constitutional law authorities, great scholars in the field of constitutional law, to give the Senate of the United States through its regular Committee on the Judiciary expert testimony, views, and opinions the Senate should have, on the basis of which to write legislation. Instead of that the Senate is trying to write a bill which is becoming more complicated with every amendment or every modification of an amendment proposed. We now have a bill which, so far as constitutional law is concerned, is not limited to the civil-rights issue. It has gone into many fields involving constitutional problems of our entire judicial system. In my judgment the bill will end up as a legislative monstrosity, and will plague the courts, which will not even have an official committee report on the basis of which to make an interpretation of the congressional intent and purpose of the legislation.

I say these things, Mr. President, not because I want to be unpleasant, but because I think as a matter of right and duty I owe it to myself to keep the record straight.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

MUTUAL SECURITY ACT OF 1954

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I thank my friend, the Senator from California, for suggesting the absence of a quorum.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Has the conference report on the Department of Defense appropriation bill been agreed to?

The PRESIDING OFFICER. It was agreed to unanimously.

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate a privileged matter, the House

amendments to Senate bill 2130, the Mutual Security Act.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on Senate bill 2130, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
July 22, 1957.

Resolved, That the House insist upon its amendments to the bill (S. 2130) entitled "An act to amend further the Mutual Security Act of 1954, as amended, and for other purposes," and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. GORDON, Mr. MORGAN, Mr. CARNAHAN, Mr. VORYS, and Mr. JUDD be the managers of the conference on the part of the House.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate disagree with the House amendments and agree to the conference requested by the House, and that the Chair appoint conferees on the part of the Senate.

Mr. MORSE. Mr. President—

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MORSE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. This is a privileged matter, is it not?

The PRESIDING OFFICER. It is privileged under the precedents of the Senate.

Mr. MORSE. I simply want the RECORD to show that the Senator from Oregon is following the rules of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Presiding Officer appointed Mr. GREEN, Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. MANSFIELD, Mr. WILEY, Mr. SMITH of New Jersey, Mr. HICKENLOOPER, and Mr. KNOWLAND conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. The conference report is a privileged matter, is it not?

The PRESIDING OFFICER. It is a privileged matter.

The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the conference report.

Mr. JOHNSON of Texas. Mr. President, if there are no Senators who desire to make statements on any other subject now, I shall suggest the absence—

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield the floor to my friend, the Senator from California.

STATUTES AUTHORIZING INJUNCTIVE RELIEF

Mr. KNOWLAND. Mr. President, I should like to read into the RECORD at this point the statutes authorizing the United States to seek injunctive relief as a means of law enforcement without jury trial for contempt. I will omit the citations, but will read the list of statutes for the information of the Senate:

Packers and Stockyards Act.
Associations of Agricultural Producers Restraining Trade.
Perishable Agricultural Commodities Act, 1930.
Agricultural Adjustment Act.
Federal Seed Act.
National Housing Act.
Sherman Act.
Clayton Act.
Federal Trade Commission re false advertising.
Wool Products Labeling Act.
Fur Products Labeling Act.
Securities Act of 1933.
Trust Indenture Act.
Securities Exchange Act of 1934.
Public Utilities Holding Company Act.
Investment Company Act.
Investment Advisers Act.
Associations Monopolizing Trade in Aquatic Products.
Interstate Transportation of Petroleum Products.
Natural Gas Act.
Flammable Fabrics Act.
Federal Power Act.
Federal Alcohol Administration Act.
National Labor Relations Board Orders.
National Emergency Strikes.
Fair Labor Standards Act.
Bridges Over Navigable Waters.
Longshoremen's and Harbor Workers' Compensation Act.
Atomic Energy Act.
Enclosures of Public Lands.
Shipping Act of 1916.
Landing Submarine Cables.
Communications Act of 1934.
Interstate Commerce Act.

Federal Motor Carrier Act.
Civil Aeronautics Act.
Water Carriers Act.
Freight Forwarders Act.
Defense Production Act.

Mr. President, I ask unanimous consent that the list of statutes and the citations be printed in the RECORD at this point.

There being no objection, the list of statutes and citations was ordered to be printed in the RECORD, as follows:

STATUTES AUTHORIZING THE UNITED STATES TO SEEK INJUNCTIVE RELIEF AS A MEANS OF LAW ENFORCEMENT WITHOUT JURY TRIAL FOR CONTEMPTS

Title 7, United States Code, section 216, Packers and Stockyards Act; section 292, Associations of Agriculture, Producers Restraining Trade; section 499h (d), Perishable Agriculture Commodities Act, 1930; section 608a (6), Agricultural Adjustment Act; section 1600, Federal Seed Act.

Title 12, United States Code, section 1731b, National Housing Act.

Title 15, United States Code, sections 4, 9, Sherman Act; section 25, Clayton Act; section 53, Federal Trade Commission, re False Advertising; section 68e, Wool Products Labeling Act; section 69g, Fur Products Labeling Act; section 77t (b), Securities Act of 1933; section 77uuu, Trust Indenture Act; section 78u (e), Securities Exchange Act of 1934; section 79r (f), Public Utilities Holding Company Act; sections 80a-34, 35, 41 (e), Investment Company Act; section 80b-9 (e), Investment Advisers Act; section 522, Associations monopolizing trade in aquatic products; section 715i, Interstate Transportation of Petroleum Products; section 717s, Natural Gas Act; section 1195 (a), Flammable Fabrics Act.

Title 16, United States Code, section 825m, Federal Power Act.

Title 27, United States Code, section 207, Federal Alcohol Administration Act.

Title 29, United States Code, section 160 (j) (1), National Labor Relations Board orders; section 178, National Emergency Strikes; section 217, Fair Labor Standards Act.

Title 33, United States Code, section 519, Bridges Over Navigable Waters; section 921, Longshoremen's and Harbor Workers' Compensation Act.

Title 42, United States Code, section 2280, Atomic Energy Act.

Title 43, United States Code, section 1062, Enclosures of Public Lands.

Title 46, United States Code, section 828, Shipping Act of 1916.

Title 47, United States Code, section 36, Landing Submarine Cables; section 401 (b), Communications Act of 1934; sections 5 (8), 16 (12), 43, Interstate Commerce Act.

Title 49, United States Code, section 322 (b), Federal Motor Carrier Act; section 647 (a), Civil Aeronautics Act; section 916 (b), Water Carriers Act; sections 1011, 1017 (b), Freight Forwarders Act.

Title 50, United States Code, Appended, section 2156, Defense Production Act.

CIVIL RIGHTS ACT OF 1957

The Senate resumed the consideration of the bill (H. R. 6127) to provide means of further securing and protecting the civil rights of persons within the jurisdiction of the United States.

Mr. CASE of South Dakota. Mr. President, when the historians review the record of our times, I feel there will be at least three outstanding things which will be mentioned as landmarks of the Eisenhower administration.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATIONS—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, on behalf of the Senator from Georgia [Mr. RUSSELL], I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7441) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1958, and for other purposes.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 5, 1957, pp. 9822-9823, CONGRESSIONAL RECORD.)

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of the conference report.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of August 8, 1957
85th-1st, No. 142

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Electrification.....18,35	Livestock.....22,30	Wheat.....2,15
Farm prices.....22,29	Loans, farm.....7	

HIGHLIGHTS: House received conference report on mutual security authorization bill. House committee reported bill to prohibit trading in onion futures. Senate passed public works appropriation bill. Sen. Carlson urged commodity approach to farm program and domestic parity plan for wheat.

HOUSE

1. FOREIGN AID. Received the conference report on S. 2130, the mutual security authorization bill. The revised bill provides a total authorization of \$3,367,083,000, a reduction of \$250,250,000 below the Senate figure and an increase of \$250,250,000 above the House authorization. It provides \$175 million to be made available from funds appropriated for the mutual security program to finance the export and sale for foreign currencies of surplus agricultural commodities, as compared with the authorization of \$200 million by the Senate and \$150 million by the House. It provides authorization for an appropriation of \$625,000,000 for fiscal 1959 for the Development Loan Fund in addition to the authorization for a current appropriation of \$500,000,000; neither authorization is subject to fiscal year limitation, and both will remain available until expended. (H. Rept. 1042) pp. 12837-38, 12882
2. WHEAT. Conferees were appointed on S. 959, to exempt certain wheat producers from liability where all the wheat crop is fed or used for seed or food on the farm where produced (p. 12866). Senate conferees were appointed Aug. 7.

3. POULTRY INSPECTION. Rep. Hoeven was appointed a conferee in the place of Rep. Andresen on S. 1747, to provide for the compulsory inspection by this Department of poultry and poultry products. p. 12866
4. ONIONS FUTURES. The Agriculture Committee reported with amendment H.R. 376, to prohibit trading in onion futures in commodity exchanges (H. Rept. 1036). p. 12882
5. INFORMATION. Rejected, 115 to 284, the conference report on H.R. 4813, to extend the life of the D.C. Auditorium Commission. pp. 12825, 12829-37
6. DROUGHT RELIEF. Rep. Philbin urged Federal drought relief for New England, and requested that the Soil Conservation Service make available immediately new seeding for its drought-stricken farmers. p. 12875
7. INTEREST RATES; LOANS. Rep. Abernethy charged that farmers and small businessmen are being hurt by higher interest rates. pp. 12868-69
8. PERSONNEL. The proposed bill which was recently submitted to Congress by the Civil Service Commission (see Digest 134) removes the present Classification Act limitation on (1) the total number of supergrades and (2) the number of such positions in each grade. It also repeals all special authorizations for supergrades, but leaves existing jobs in their present grades subject to change by the Commission.
9. VOCATIONAL REHABILITATION. The Education and Labor Committee ordered reported with amendment H.R. 8429, to extend the time in which grants may be made to the States for vocational rehabilitation program expansion. p. D755
10. SUPPLEMENTAL APPROPRIATION BILL, 1958. In addition to the items mentioned in Digest 141, this bill (H.R. 9131) includes items for payment of various claims audited claims, and judgments. The Committee included a statement in its report as follows:

Disbursements. "In the absence of action by the Executive Branch, the Committee is using this vehicle to inform the Treasury Department that in the event a report to the contrary is not received, it will consider only estimates for the fiscal year 1959 which contemplate the dispersal of large-scale repetitive payments to the Departments and agencies concerned." (The Committee report also criticizes "interminable delay in, studying and reviewing this subject.")

SENATE

11. HOUSING. Passed with amendments H.R. 4602, to encourage veterans' residential housing construction in rural areas by raising the maximum limits on direct loans. Senate conferees were appointed. House conferees have not been appointed. pp. 12753-8
12. APPROPRIATIONS. Passed with amendments H.R. 8090, public works appropriation bill for 1958. Senate and House conferees were appointed. pp. 12710-27, 12865
13. PERSONNEL. Passed without amendment S. 1411, to allow security hearings of employees not suspended from Federal employment. p. 12768

MUTUAL SECURITY ACT OF 1957

AUGUST 8, 1957.—Ordered to be printed

Mr. GORDON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 2130]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 22, 24, 27, and 28.

That the Senate recede from its disagreement to the amendments of the House numbered 2, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 29, 30, and 31, and agree to the same.

Amendment numbered 1:

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: \$1,600,000,000; and the House agree to the same.

Amendment numbered 3:

That the Senate recede from its disagreement to the amendment of the House numbered 3, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: \$750,000,000; and the House agree to the same.

Amendment numbered 10:

That the Senate recede from its disagreement to the amendment of the House numbered 10, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the House amendment, and in lieu thereof insert the following: *In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed \$625,000,000.*

And the House agree to the same.

Amendment numbered 23:

That the Senate recede from its disagreement to the amendment of the House numbered 23, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the House amendment, and on page 16 of the Senate engrossed bill, in line 25, strike out "\$100,000,000" and insert the following: *\$50,000,000*; and the House agree to the same.

Amendment numbered 25:

That the Senate recede from its disagreement to the amendment of the House numbered 25, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *\$175,000,000*; and the House agree to the same.

Amendment numbered 26:

That the Senate recede from its disagreement to the amendment of the House numbered 26, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *\$32,750,000*; and the House agree to the same.

THOMAS S. GORDON,
THOMAS E. MORGAN,
A. S. J. CARNAHAN,
JOHN M. VORYS,
WALTER H. JUDD,
Managers on the Part of the House.
THEODORE FRANCIS GREEN,
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MIKE MANSFIELD,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The managers on the part of the Senate agreed upon a total authorization of \$3,367,083,000, a reduction of \$250,250,000 from the Senate figure of \$3,617,333,000 and an increase of \$250,250,000 above the House authorization of \$3,116,833,000.

ADJUSTMENTS IN FISCAL YEAR 1958 APPROPRIATION AUTHORIZATIONS

Amendments Nos. 1, 3, and 26:

Amendment No. 1 provides an authorization for military assistance for fiscal year 1958 of \$1.6 billion to remain available until expended. This is \$300 million below the executive branch request, \$200 million below the sum carried in the Senate bill, and \$100 million above the House authorization.

Amendment No. 3, dealing with defense support, authorizes \$750 million for fiscal year 1958 to remain available until expended. The executive branch request was \$900 million, the Senate figure was \$800 million, and the House figure \$600 million.

In neither case did the managers on the part of the House accept the Senate provision for an authorization for fiscal year 1959.

These authorizations for Title I—Mutual Defense Assistance represent an equal division between the totals for title I authorizations voted by the Senate and by the House.

The executive branch request for defense support was \$900 million, which was \$261.7 million below last year's appropriation. Since the need for defense support is vital and immediate to sustain the economies of countries like Korea, Formosa, Vietnam, and Turkey and there is no large backlog of unexpended balances, the conferees agreed upon \$750 million, which is still \$150 million below the request, but \$50 million above the median House-Senate figure. To compensate for this, the Senate accepted an adjustment reducing military assistance \$50 million below the median figure, thus providing a half-way compromise on title I.

Amendment No. 26, dealing with administrative expenses, authorizes \$32,750,000 for fiscal year 1958. This is \$2,250,000 below the executive branch request, \$250,000 below the Senate figure, and \$250,000 above the House figure. This authorization is for the administrative expenses of the International Cooperation Administration.

DEVELOPMENT LOAN FUND

Amendment No. 10: The Senate bill authorized a Development Loan Fund for which an appropriation of \$500 million to provide

initial capital was authorized, together with appropriation authority for United States Treasury loans to the Fund \$750 million beginning in fiscal 1959, and \$750 million beginning in fiscal 1960. The House amendment retained the authorization of an appropriation of \$500 million but eliminated the authorizations for fiscal 1959 and 1960.

The committee of conference agreed to authorize an appropriation of \$625 million for fiscal 1959 in addition to the authorization for a current appropriation of \$500 million which was contained in both the Senate bill and the House amendment. Neither authorization is subject to fiscal year limitation and both will remain available until expended.

The managers on the part of the House recognized the strong sentiment in the House against any appropriation in the form of authorization of borrowing from the United States Treasury in future years. They were confronted, however, with the fact that the Senate had authorized such borrowing to a total amount of \$1,500 million over a 2-year period. In accepting authorization of an appropriation for 1 year in the future of the amount of \$625 million, the Senate conferees made clear that their primary concern was to get a long-range program of development loans under way with assurance of adequate initial financing and of an administrative structure sufficiently tight to assure effective control. The total Senate loan authorization was \$2 billion. The total House authorization was \$500 million. Splitting the difference of \$1.5 billion would have resulted in a figure of \$1.250 billion. The conference agreement is for a total of \$1.125 billion, which is \$125 million below the median figure.

The initial no-year appropriation will give sufficient time and continuity to permit the making of loans on the basis of carefully considered individual projects rather than of country programs. Appropriations to the Fund hereafter can be made more on the basis of past performance and a broad appraisal of requirements than on country level illustrative programs for the future.

The basic purpose of the Development Loan Fund, as stated in section 201 in the bill, is to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capacities. The committee of conference agreed to language added by the House in section 201 which confirms that, as a means of furthering this basic objective, the Fund shall endeavor to strengthen friendly countries by encouraging the development of their economies through a competitive free enterprise system, to minimize or eliminate barriers to the flow of private investment capital and international trade, and to facilitate the creation of a climate favorable to the investment of private capital.

It is intended that the powers and authorities provided to the manager of the Fund by section 205 (c), which are to be in addition to other powers and authorities that may be assigned or delegated to the manager in accordance with law, may be delegated or assigned by him, under rules and regulations established by the loan committee, to his subordinates or to other officials of the executive branch.

The committee of conference agreed that the most effective arrangement for administering a long-range development loan program is a Government corporation with substantial capital, and officers and directors with powers and duties defined and limited by law. The corporation should be under the policy direction of the State Depart-

ment; its operating personnel should concentrate on handling development loans but its direction should be coordinated with other agencies along the lines provided in the conference report.

Managers on the part of the House and on the part of the Senate were of the opinion that action should be taken early in the next session of the Congress to establish such a corporate structure. It is essential that if the development fund is to function effectively in financing long-range development projects, the Executive recommendations for mutual-security legislation for fiscal 1959 should be submitted to the Congress not later than the middle of next February.

In accepting the provisions for administering the Development Loan Fund contained in the House bill the view was expressed among the conferees that authority and responsibility for the economic aspect of the program should be integrated more closely within the State Department.

Responsibility for the administration of the Fund is lodged in the President, but the bill provides that a manager of the Fund shall be appointed in the International Cooperation Administration by and with the advice and consent of the Senate. It is anticipated that the International Cooperation Administration will have direct responsibility for the operation of the Fund subject to the control of the President, the manager being a deputy of the Director of the International Cooperation Administration. He will be guided by a loan committee, consisting of the Deputy Under Secretary of State for Economic Affairs who shall be chairman, the Director of the International Cooperation Administration, and the President and Chairman of the Board of Directors of the Export-Import Bank, in establishing basic financial terms and conditions for the operations and transactions of the Fund.

The loan committee is intended to act in the capacity of managers of the Fund. It would have authority to consider any or all loan applications, approve or deny them, and establish the essential conditions and terms of each approved loan. In carrying out its functions, the loan committee would operate under foreign policy guidance laid down by the Secretary of State, and it would have the manager of the Fund as its chief executive officer.

In deciding whether a proposed loan meets the standards laid down by the act, the loan committee will determine whether either private capital, the Export-Import Bank, the International Bank for Reconstruction and Development, or any other free world source is available and whether the proposed loan will have adverse effect on existing outstanding loans and future operations of such other sources in addition to passing on the requirements for the specific project or activity.

The operations of the Fund will be subject to the coordination of the National Advisory Council on International Monetary and Financial Problems which consists of the Secretary of the Treasury (Chairman), the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System and the President and Chairman of the Export-Import Bank of Washington.

PROMOTION OF STABILITY

Amendment No. 22: The Senate bill included among the purposes for which the President could give special assistance from the funds authorized for this purpose the promotion of "political or economic stability." The House substituted the phrase "freedom and stability" for the Senate language.

The managers on the part of the House accepted the Senate language. It was the understanding of the committee of conference that the promotion of political or economic stability reflects the desire of the United States to cooperate with nations to accomplish the mutual objectives of maintaining freedom and peace and does not involve any commitment to maintain the status quo in any part of the world.

The conference also gave consideration to the argument that the phrase "political or economic stability" has been used by the Congress several times in the past in mutual security legislation and has through usage acquired meaning which is generally understood.

PRESIDENT'S SPECIAL AUTHORITY

Amendments Nos. 23 and 24: The House receded from its amendments Nos. 23 and 24; the Senate, however, agreed to a reduction of \$50 million in the figure of \$100 million contained in the language originally deleted by amendment No. 23.

The bill as it passed both the Senate and the House authorized in section 400 (a) an appropriation of not to exceed \$250 million for special assistance. These funds are to be used for requirements not foreseen at the time of the presentation of the program and for other special purposes such as the furnishing of grant developmental assistance to countries where loan assistance is inappropriate and assistance for malaria eradication. The Senate bill provided that \$100 million of the funds authorized pursuant to section 400 could be used in accordance with the waiver provisions of section 401 (a). House amendment No. 23 deleted this language.

The bill as it passed the Senate permitted the use of not to exceed \$150 million of the funds appropriated pursuant to the Mutual Security Act without regard to the requirements of certain laws. This, for example, would permit the President to furnish military assistance to a nation which is not technically eligible for such assistance because it has not made the agreements required by section 142. House amendment No. 24 deleted the authorization for the use of \$150 million appropriated pursuant to the Mutual Security Act and substituted therefor a provision that \$150 million could be so used, but that the \$150 million must come from the appropriations granted pursuant to section 400.

Under the House amendments there would have been no reduction in authorizations. The effect would have been to reduce by \$100 million the amount which could be used pursuant to section 401 and to require that all funds used pursuant to section 401 come specifically from the appropriation made pursuant to section 400.

The compromise agreed upon reduces the amount of section 400 (a) funds which can be used pursuant to section 401 by \$50 million from the amount proposed by the original Senate language. It further

permits the use of \$150 million pursuant to section 401 from any source in the act, rather than from section 400 funds only.

The conferees were of the opinion that to limit the source of funds to be used under the authority of section 401 to those appropriated pursuant to section 400 would unduly limit the President's flexibility and his capacity to meet emergency situations.

The House amendments would either have reduced this flexibility or else have reduced the funds available for contingencies unforeseen at the time of congressional presentation, for special grant assistance and for special programs such as that for malaria eradication.

EARMARKING OF FUNDS FOR SALES OF SURPLUS AGRICULTURAL COMMODITIES

Amendment No. 25: The Senate bill provided for an authorization for the fiscal year 1958 for a minimum of not less than \$200 million to be made available from funds appropriated for the mutual security program to finance the export and sale for foreign currencies of surplus agricultural commodities. The House amendment contained a figure of \$150 million for this purpose. The conferees agreed that a minimum of \$175 million should be used for this purpose.

The level which can reasonably be set as the minimum under section 402 is directly dependent upon the amount provided for defense support, since the great majority of section 402 sales in fiscal year 1958 will be financed from the defense support appropriation. The conferees took into account that in fiscal year 1957, when defense support amounted to \$1,161,700,000, the law required that a minimum of \$250 million be used pursuant to section 402. In view of the fact that the funds for defense support have been reduced by more than a third this year, the committee of conference regards the \$175 million as a reasonable minimum for the current year. It is the view of the committee of conference that the executive branch should exert maximum effort to exceed this amount.

INSPECTION REQUIREMENT IN CONNECTION WITH ATOMS FOR PEACE ACTIVITIES

Amendment No. 27: The House receded from its amendment requiring inspection by the United States of any facilities constructed in whole or in part under the provisions of the new section 419. The committee of conference was assured that all agreements for the construction of reactor facilities include provision for inspection. The inspection of other types of facilities, such as gamma sources for use in medical therapy, is not necessary because there is no security problem. Under the circumstances, it was feared that retention of the House language would cause confusion with regard to existing agreements or require unnecessary inspection of nonreactor facilities.

MALARIA ERADICATION

Amendment No. 28: The House receded from its amendment No. 28, which would have removed the limitations on the amount and source of funds to be used in the malaria-eradication program. The House amendment had a technical defect which, under the circumstances prevailing, could not be corrected by the conference committee. It seemed to the House managers advisable to recede.

THOMAS S. GORDON,
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Managers on the Part of the House.



Mr. Powell with Mr. Kilburn.
Mr. Wright with Mr. Dague.
Mr. Porter with Mr. Beamer.
Mr. Davis of Tennessee with Mr. Hillings.
Mr. Sieminski with Mr. Jackson.

Mr. COLLIER changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A. C. ISRAEL COMMODITY CO., INC.

The SPEAKER. The Chair lays before the House a Senate concurrent resolution (S. Con. Res. 46) relative to proceedings on H. R. 5707, an act for the relief of A. C. Israel Commodity Co., Inc.

The Clerk read the concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the House of Representatives return to the Senate the engrossed bill (H. R. 5707) for the relief of the A. C. Israel Commodity Co., Inc., erroneously messaged to the House on August 6, 1957, as having passed the Senate on the preceding day without amendment; that upon its return to the Senate the Secretary shall transmit to the House the said bill, together with the amendment made by the Senate thereto; that the enrolled bill, signed by the Speaker of the House and transmitted to the Senate on yesterday, be returned to the House, and that the action of the Speaker in signing said enrolled bill be thereupon rescinded.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

CONFEREES ON MUTUAL SECURITY BILL

Mr. HAYS of Arkansas. Mr. Speaker, I ask unanimous consent that the conferees on the mutual security bill have until midnight tonight to file a conference report.

The SPEAKER. Without objection, it is so ordered.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 1042) [To accompany S. 2130]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 22, 24, 27, and 28.

That the Senate recede from its disagreement to the amendments of the House numbered 2, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 29, 30, and 31, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "\$1,600,000,000"; and the House agree to the same.

Amendment numbered 3: That the Senate recede from its disagreement to the amendment of the House numbered 3, and agree to the same with an amendment, as

follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "\$750,000,000"; and the House agree to the same.

Amendment numbered 10: That the Senate recede from its disagreement to the amendment of the House numbered 10, and agree to the same with an amendment, as follows: Strike out the matter proposed to be stricken out by the House amendment, and in lieu thereof insert the following: "In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed \$625,000,000."

And the House agree to the same.

Amendment numbered 23: That the Senate recede from its disagreement to the amendment of the House numbered 23, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the House amendment, and on page 16 of the Senate engrossed bill, in line 25, strike out "\$100,000,000" and insert the following: "\$50,000,000"; and the House agree to the same.

Amendment numbered 25: That the Senate recede from its disagreement to the amendment of the House numbered 25, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "\$175,000,000"; and the House agree to the same.

Amendment numbered 26: That the Senate recede from its disagreement to the amendment of the House numbered 26, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "\$32,750,000"; and the House agree to the same.

THOMAS S. GORDON,
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H. ALEXANDER SMITH,
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WILLIAM F. KNOWLAND,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The managers on the part of the Senate agreed upon a total authorization of \$3,367,083,000, a reduction of \$250,250,000 from the Senate figure of \$3,617,333,000 and an increase of \$250,250,000 above the House authorization of \$3,116,833,000.

ADJUSTMENTS IN FISCAL YEAR 1958 APPROPRIATION AUTHORIZATIONS

Amendments Nos. 1, 3, and 26: Amendment No. 1 provides an authorization for military assistance for fiscal year 1958 of \$1.6 billion to remain available until expended. This is \$300 million below the executive branch request, \$200 million below the sum carried in the Senate bill, and \$100 million above the House authorization.

Amendment No. 3, dealing with defense support, authorizes \$750 million for fiscal year 1958 to remain available until expended. The executive branch request was \$900 mil-

lion, the Senate figure was \$800 million, and the House figure \$600 million.

In neither case did the managers on the part of the House accept the Senate provision for an authorization for fiscal year 1959.

These authorizations for Title I, Mutual Defense Assistance, represent an equal division between the totals for title I authorizations voted by the Senate and by the House.

The executive request for defense support was \$900 million which was \$261.7 million below last year's appropriation. Since the need for defense support is vital and immediate to sustain the economies of countries like Korea, Formosa, Vietnam, and Turkey and there is no large backlog of unexpended balances, the conferees agreed upon \$750 million, which is still \$150 million below the request, but \$50 million above the median House-Senate figure. To compensate for this, the Senate accepted an adjustment reducing military assistance \$50 million below the median figure, thus providing a halfway compromise on title I.

Amendment No. 26, dealing with administrative expenses, authorizes \$32,750,000 for fiscal year 1958. This is \$2,250,000 below the executive branch request, \$250,000 below the Senate figure and \$250,000 above the House figure. This authorization is for the administrative expenses of the International Cooperation Administration.

DEVELOPMENT LOAN FUND

Amendment No. 10: The Senate bill authorized a Development Loan Fund for which an appropriation of \$500,000,000 to provide initial capital was authorized, together with appropriation authority for United States Treasury loans to the fund of \$750,000,000 beginning in fiscal 1959, and \$750,000,000 beginning in fiscal 1960. The House amendment retained the authorization of an appropriation of \$500,000,000 but eliminated the authorizations for fiscal 1959 and 1960.

The committee of conference agreed to authorize an appropriation of \$625,000,000 for fiscal 1959 in addition to the authorization for a current appropriation of \$500,000,000 which was contained in both the Senate bill and the House amendment. Neither authorization is subject to fiscal year limitation and both will remain available until expended.

The managers on the part of the House recognized the strong sentiment in the House against any appropriation in the form of authorization of borrowing from the United States Treasury in future years. They were confronted, however, with the fact that the Senate had authorized such borrowing to a total amount of \$1,500,000,000 over a 2-year period. In accepting authorization of an appropriation for 1 year in the future of the amount of \$625,000,000, the Senate conferees made clear that their primary concern was to get a long range program of development loans under way with assurance of adequate initial financing and of an administrative structure sufficiently tight to assure effective control.

The total Senate loan authorization was \$2 billion. The total House authorization was \$500 million. Splitting the difference of \$1.5 billion would have resulted in a figure of \$1.250 billion. The conference agreement is for a total of \$1.125 billion, which is \$125 million below the median figure.

The initial no-year appropriation will give sufficient time and continuity to permit the making of loans on the basis of carefully considered individual projects rather than of country programs. Appropriations to the fund thereafter can be made more on the basis of past performance and a broad appraisal of requirements than on country level illustrative programs for the future.

The basic purpose of the Development Loan Fund, as stated in section 201 in the bill, is to assist, on a basis of self-help and

mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capacities. The committee of conference agreed to language added by the House in section 201 which confirms that, as a means of furthering this basic objective, the fund shall endeavor to strengthen friendly countries by encouraging the development of their economies through a competitive free-enterprise system, to minimize or eliminate barriers to the flow of private investment capital and international trade, and to facilitate the creation of a climate favorable to the investment of private capital.

It is intended that the powers and authorities provided to the manager of the fund by section 205 (c), which are to be in addition to other powers and authorities that may be assigned or delegated to the manager in accordance with law, may be delegated or assigned by him, under rules and regulations established by the loan committee, to his subordinates or to other officials of the Executive branch.

The committee of conference agreed that the most effective arrangement for administering a long range development loan program is a Government corporation with substantial capital, and officers and directors with powers and duties defined and limited by law. The corporation should be under the policy direction of the State Department; its operating personnel should concentrate on handling development loans but its direction should be coordinated with other agencies along the lines provided in the conference report.

Managers on the part of the House and on the part of the Senate were of the opinion that action should be taken early in the next session of the Congress to establish such a corporate structure. It is essential that if the development fund is to function effectively in financing long range development projects, the Executive recommendations for mutual security legislation for fiscal 1959 should be submitted to the Congress not later than the middle of next February.

In accepting the provisions for administering the Development Loan Fund contained in the House bill the view was expressed among the conferees that authority and responsibility for the economic aspect of the program should be integrated more closely within the State Department.

Responsibility for the administration of the fund is lodged in the President, but the bill provides that a manager of the fund shall be appointed in the International Cooperation Administration by and with the advice and consent of the Senate. It is anticipated that the International Cooperation Administration will have direct responsibility for the operation of the fund subject to the control of the President, the manager being a deputy of the Director of the International Cooperation Administration. He will be guided by a loan committee, consisting of the Deputy Under Secretary of State for Economic Affairs who shall be chairman, the Director of the International Cooperation Administration, and the President and Chairman of the Board of Directors of the Export-Import Bank, in establishing basic financial terms and conditions for the operations and transactions of the fund.

The loan committee is intended to act in the capacity of managers of the fund. It would have authority to consider any or all loan applications, approve or deny them, and establish the essential conditions and terms of each approved loan. In carrying out its functions, the loan committee would operate under foreign-policy guidance laid down by the Secretary of State, and it would have the manager of the fund as its chief executive officer.

In deciding whether a proposed loan meets the standards laid down by the act, the loan

committee will determine whether either private capital, the Export-Import Bank, the International Bank for Reconstruction and Development, or any other free world source is available and whether the proposed loan will have adverse effect on existing outstanding loans and future operations of such other sources in addition to passing on the requirements for the specific project or activity.

The operations of the fund will be subject to the coordination of the National Advisory Council on International Monetary and Financial Problems which consists of the Secretary of the Treasury (Chairman), the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the President and Chairman of the Export-Import Bank of Washington.

PROMOTION OF STABILITY

Amendment No. 22: The Senate bill included among the purposes for which the President could give special assistance from the funds authorized for this purpose the promotion of "political or economic stability." The House substituted the phrase "freedom and stability" for the Senate language.

The managers on the part of the House accepted the Senate language. It was the understanding of the committee of conference that the promotion of political or economic stability reflects the desire of the United States to cooperate with nations to accomplish the mutual objectives of maintaining freedom and peace and does not involve any commitment to maintain the status quo in any part of the world.

The conference also gave consideration to the argument that the phrase "political or economic stability" has been used by the Congress several times in the past in mutual security legislation and has through usage acquired meaning which is generally understood.

PRESIDENT'S SPECIAL AUTHORITY

Amendments Nos. 23 and 24: The House receded from its amendments Nos. 23 and 24; the Senate, however, agreed to a reduction of \$50,000,000 in the figure of \$100,000,000 contained in the language originally deleted by amendment No. 23.

The bill as it passed both the Senate and the House authorized in section 400 (a) an appropriation of not to exceed \$250,000,000 for special assistance. These funds are to be used for requirements not foreseen at the time of the presentation of the program and for other special purposes such as the furnishing of grant developmental assistance to countries where loan assistance is inappropriate and assistance for malaria eradication. The Senate bill provided that \$100,000,000 of the funds authorized pursuant to section 400 could be used in accordance with the waiver provisions of section 401 (a). House amendment No. 23 deleted this language.

The bill as it passed the Senate permitted the use of not to exceed \$150,000,000 of the funds appropriated pursuant to the Mutual Security Act without regard to the requirements of certain laws. This, for example, would permit the President to furnish military assistance to a nation which is not technically eligible for such assistance because it has not made the agreements required by section 142. House amendment No. 24 deleted the authorization for the use of \$150,000,000 appropriated pursuant to the Mutual Security Act and substituted therefor a provision that \$150,000,000 could be so used, but that the \$150,000,000 must come from the appropriations granted pursuant to section 400.

Under the House amendments there would have been no reduction in authorizations. The effect would have been to reduce by \$100,000,000 the amount which could be used pursuant to section 401 and to require

that all funds used pursuant to section 401 come specifically from the appropriation made pursuant to section 400.

The compromise agreed upon reduces the amount of section 400 (a) funds which can be used pursuant to section 401 by \$50,000,000 from the amount proposed by the original Senate language. It further permits the use of \$150,000,000 pursuant to section 401 from any source in the act, rather than from section 400 funds only.

The conferees were of the opinion that to limit the source of funds to be used under the authority of section 401 to those appropriated pursuant to section 400 would unduly limit the President's flexibility and his capacity to meet emergency situations.

The House amendments would either have reduced this flexibility or else have reduced the funds available for contingencies unforeseen at the time of congressional presentation, for special grant assistance and for special programs such as that for malaria eradication.

EARMARKING OF FUNDS FOR SALES OF SURPLUS AGRICULTURAL COMMODITIES

Amendment No. 25: The Senate bill provided for an authorization for the fiscal year 1958 for a minimum of not less than \$200 million to be made available from funds appropriated for the mutual security program to finance the export and sale for foreign currencies of surplus agricultural commodities. The House amendment contained a figure of \$150 million for this purpose. The conferees agreed that a minimum of \$175 million should be used for this purpose.

The level which can reasonably be set as the minimum under section 402 is directly dependent upon the amount provided for defense support, since the great majority of section 402 sales in fiscal year 1958 will be financed from the defense support appropriation. The conferees took into account that in fiscal year 1957, when defense support amounted to \$1,161,700,000, the law required that a minimum of \$250 million be used pursuant to section 402. In view of the fact that the funds for defense support have been reduced by more than a third this year, the committee of conference regards the \$175 million as a reasonable minimum for the current year. It is the view of the committee of conference that the executive branch should exert maximum effort to exceed this amount.

INSPECTION REQUIREMENT IN CONNECTION WITH ATOMS FOR PEACE ACTIVITIES

Amendment No. 27: The House receded from its amendment requiring inspection by the United States of any facilities constructed in whole or in part under the provisions of the new section 419. The committee of conference was assured that all agreements for the construction of reactor facilities include provision for inspection. The inspection of other types of facilities, such as gamma sources for use in medical therapy, is not necessary because there is no security problem. Under the circumstances, it was feared that retention of the House language would cause confusion with regard to existing agreements or require unnecessary inspection of nonreactor facilities.

MALARIA ERADICATION

Amendment No. 28: The House receded from its amendment No. 28, which would have removed the limitations on the amount and source of funds to be used in the malaria eradication program. The House amendment had a technical defect which, under the circumstances prevailing, could not be corrected by the conference committee. It seemed to the House managers advisable to recede.

THOMAS S. GORDON,
THOMAS E. MORGAN,
A. S. J. CARNAHAN,
JOHN M. VORYS,
WALTER H. JUDD,

Managers on the Part of the House.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

August 14, 1957
August 13, 1957
85th-1st, No. 146

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HIGHLIGHTS: Senate agreed to conference report on mutual security authorization bill. Both Houses agreed to conference report on public works appropriation bill. Senate passed temporary appropriations measure for August. Sen. Morse inserted Farmers' Union telegram opposing Paarlberg nomination. Conferees agreed to file conference report on poultry inspection bill. House subcommittee ordered reported bill to suspend payments on loans in disaster areas.

SENATE

1. FOREIGN AID. Agreed to the conference report on S. 2130, the mutual security authorization bill. pp. 13204-6, 13213-21, 13287-328
2. PUBLIC WORKS APPROPRIATION BILL, 1958. Both Houses agreed to the conference report on this bill, H. R. 8090, and acted on amendments in disagreement. This bill will now be sent to the President. pp. 13329-41, 13230-7
3. TEMPORARY APPROPRIATIONS. Passed without amendment H. J. Res. 426, to provide appropriations for Aug. 1957 pending enactment of the regular appropriations for certain agencies. This measure will now be sent to the President. p. 13191
4. NOMINATION. Sen. Morse inserted a telegram from James G. Patton, of the Farmers Union, opposing the nomination of Don Paarlberg as Assistant Secretary of Agriculture. p. 13190

5. PERSONNEL. Began debate on S. 2127, to amend the Federal Employees' Life Insurance Act of 1954 so as to limit reductions in the face value of policies after retirement. pp. 13191-5
Several Senators spoke in favor of pay raises for Federal employees. Sen. Humphrey claimed the administration has encouraged inflation, through increased interest rates, and should not object to pay raises from the inflation standpoint. He suggested that the administration had caused reductions in farm income. He gave increased food processing costs as a reason for Government pay raises. pp. 13195-201
6. LAND WITHDRAWALS. The Interior and Insular Affairs Committee reported without amendment H. R. 5538, to provide that withdrawals, reservations, or restrictions of more than 5,000 acres of public lands for certain purposes shall not become effective until approved by act of Congress (S. Rept. 857). p. 13173
7. ELECTRIFICATION. Sen. Murray inserted several resolutions from the N. Dak. Assn. of Rural Electric Cooperatives. pp. 13172-3
8. TRANSPORTATION. The report of the Small Business Committee on "Mergers and Possible Growth of Concentration in the Trucking Industry" was presented. p. 13178
9. TENNESSEE VALLEY AUTHORITY. Sen. Schoepel inserted an editorial favoring the nomination of A. R. Jones to the TVA Board. p. 13182

HOUSE

10. POULTRY INSPECTION. The Conferees agreed to file a conference report on S. 1747, to provide for the compulsory inspection by this Department of poultry and poultry products. p. D774
11. TRANSPORTATION. The conferees agreed to file a conference report on S. 939, to amend the Interstate Commerce Act to provide that reduced rate agreements for the movement of government freight or passengers shall apply only in time of war or national emergency, and to finalize contracts made between the government and common carriers. p. D774
12. FARM LOANS. A subcommittee of the Agriculture Committee ordered reported H.R. 8934, to make available to farmers in disaster areas a one-year suspension of payments of principal and interest on loans obtained from this Department. p. D772
Received a Peach Growers Cooperative Assoc. petition favoring the enactment of this legislation. p. 13286
13. FLOOD CONTROL. The Public Works Committee reported with amendment S. 497, the rivers and harbors and flood control bill (H. Rept. 1122). p. 13283
14. WATER UTILIZATION. The Interior and Insular Affairs Committee reported without amendment H.R. 8465, to grant the consent of Congress to the Klamath River Basin compact between the States of Calif. and Ore. (H. Rept. 1130). p. 13284
15. WATERSHEDS. Received from the Bureau of the Budget watershed work plans for the Caney Creek watershed, Ark., the Sandy Creek watershed, Okla., the Lacamas Creek tributaries watershed, Wash., and the Sulphur Creek watershed, Tex.; to Agriculture Committee. p. 13283

L. & N. FREEZEOUT OF UNION AT CRASH HEARING ASSAILED—INEFFICIENT BRAKES ON FREIGHT TRAIN ADMITTED BY OFFICIAL OF CARRIER

(By Edward P. Corwin)

A management investigation held in Louisville last week of the fatal crash of a freight train into the side of a passenger train on the Louisville & Nashville at Guthrie, Ky., on June 29, produced these extraordinary developments, among others:

1. Protection of the interests of the freight engineer, J. T. Raspberry, who was killed in the crash, was denied by L. & N. officials when they refused the request of his union, the Locomotive Firemen and Enginemen, to speak for him in the probe.

They took the amazing stand that, since Raspberry had died, there was no one involved whom the brotherhood represented. Thus, the L. & N. would be free to blame the dead engineer, if it so concluded, without anyone being present to protect his reputation or the interests of his family. The BLFE strongly protested this freezeout.

COOPER HITS CARRIER STAND

This injustice was also hit by Senator JOHN COOPER, Republican, of Kentucky. In Washington he pointed out that this was a public matter, in view of the fact that the Interstate Commerce Commission had representatives at the scene while the railroad was making its own investigation, and the brotherhood should have been called in.

2. An L. & N. official, it was revealed, admitted at the hearing that nearly half the cars of the 30-car freight train had inefficient brakes. As a result, further evidence showed, the train could not be stopped in time to avoid running into the side of the passenger train, the Dixieland, at a crossing of two L. & N. lines. Five people on the passenger train lost their lives and 21 were injured.

The tragedy spotlighted the urgent need for measures now pending in Congress designed to guard against such brake conditions as were revealed. The bills are backed by all the standard railroad labor organizations and the ICC.

An ICC official said that a report will be issued later on the probe of the crash by Commission inspectors, who held no separate hearings, but sat in on the carrier's hearings at Louisville, Ky.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield to the able Senator from Michigan, who is a member of the subcommittee, and who heard the testimony.

Mr. POTTER. Mr. President, I merely wish to reemphasize what the chairman of the subcommittee has stated. I know of no bill before the committee which has received more careful consideration than the pending bill. The distinguished Senator from Florida and the other members of his subcommittee have leaned over backward to meet the objections which were raised, and to carry out, so far as possible, the recommendations of all interested groups.

I think the bill presented to the Senate at this time is a good bill, and one which would carry out the objectives of the Interstate Commerce Commission and provide the safety which both labor and the railroad industry seek as an operating standard.

This was not a hastily considered bill. It received the sincere and serious attention of the committee for sometime. The Senator from Florida has stated the facts accurately. I know of no objection to the

bill on the part of any Member of the Senate.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. JAVITS. I commend the Senator from Florida for bringing this measure before the Senate. Perhaps it will interest the Senator to know that I have heard a great deal about the bill through my mail. The Senator is justified in feeling that he is not only serving a policy, but serving the interests of people. I have received large quantities of mail regarding the bill from railroad workers who felt themselves endangered by the absence of such legislation. They urge very strongly that I take an interest in the subject, in terms of their own safety. They are the men who ride the trains and cabooses, and they feel very deeply on this subject.

I hope the Senator will feel, therefore, that in his fine service he is serving not only a policy which the committee is convinced is the correct one and I believe the Senate should be convinced is the proper policy, but a policy which individual workers in large numbers feel affects their own safety.

Mr. SMATHERS. I thank the able Senator from New York for his very kind remarks. Certainly we are aware that this is a safety measure which affects the lives of thousands of people. I yield to the Senator from Kansas, a member of the subcommittee, who has contributed yeoman service to the subject under consideration by the Senate.

Mr. SCHOEPEL. Mr. President, I thank the Senator from Florida. He was chairman of the subcommittee which heard lengthy testimony on the bill. I concur in what he has said with relation to the bill which is before the Senate. It is a tremendous step forward in the safety provisions existing on our railroads, both from the standpoint of the railroads, and from the standpoint of those who labor on the railroad, as well as from the standpoint of the people who travel on the railroads.

I am sure that the Senator from Florida, the chairman of the subcommittee, will agree with me that many hours of laborious work were spent in considering the bill, and in conferences which had to be held on it, not only among the members of the subcommittee, but with railroad representatives and with other members of the Committee on Interstate and Foreign Commerce, and with staff members, as well as with labor groups, who were vitally interested in the proposed legislation.

Although the bill does not give everyone everything he wants, it represents what I believe to be a most constructive compromise approach to a problem which all of us recognize had to be met and solved. The bill can be truly called a genuine compromise bill. It is a good bill and a constructive bill. There was give-and-take on the part of all parties interested in this vital subject. It is a measure which will lend itself to readjustment and rechecking and revision from time to time. For the first time it gives the Interstate Commerce Commission the right to establish some guide-

posts which have heretofore been lacking.

I commend the Senator from Florida for his painstaking work, and for the tolerance he manifested in getting all the parties together and bringing about this culmination. I hope the Senate will overwhelmingly pass the bill.

Mr. SMATHERS. I thank the Senator from Kansas for his kind remarks, particularly for his generous words about me. He made a valuable contribution to the final drafting of the bill. I now yield to the Senator from Texas, a member of the subcommittee.

Mr. YARBOROUGH. Mr. President, I desire to associate myself with the remarks of the distinguished junior Senator from Florida [Mr. SMATHERS], and I wish to join in the words of commendation which have been spoken about the fair and thorough manner in which he conducted the hearings.

It was my privilege to sit on the subcommittee of which he was the chairman. All parties were heard; some changes were made in the bill, and differences were worked out. As a result, I believe we now have a good bill before us. It will result in greater safety factors, which will be of benefit to the transportation industry, to shippers, and to the people as a whole. I commend the Senator from Florida for the fair manner in which he conducted the hearings, and I wish also to commend the full committee for the manner in which it treated the report of the subcommittee. I believe the bill comes to the floor of the Senate with the unanimous support of all members of the committee.

Mr. SMATHERS. I thank the able Senator from Texas. I hope the Senate will pass the bill with an overwhelming vote.

Mr. JOHNSON of Texas. Mr. President, I wish to commend the committee, particularly the able chairman of the subcommittee, the Senator from Florida [Mr. SMATHERS]. The railroad brotherhoods have talked to me about it a number of times, and have asked me several times to schedule the bill for consideration. I am very happy that we have been able to bring it up for consideration this afternoon. I hope we may be able to pass the bill very shortly.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. REVERCOMB. Mr. President, before the bill is passed I should like to express my own sentiments regarding it. The purpose of the bill is to increase the safety of the workers on the railroads, and I am always interested in the safety of men. I commend the Senators who have been responsible for bringing the bill to the floor of the Senate, and I express the hope that it will pass the Senate by an overwhelming vote.

The PRESIDING OFFICER. The question is on the passage of the bill.

The bill (S. 1386) was passed.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York to lay on the table the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

OUTSTANDING RECORD MADE BY OREGON ENTRANTS IN FREEDOMS FOUNDATION PROGRAM

Mr. NEUBERGER. Mr. President, the Freedoms Foundation at Valley Forge, Pa., has taken the lead in encouraging pride of American history and traditions in millions of boys and girls. This has been done through essay contests and other competition, based upon genuine appreciation for our American way of life.

I have been pleased and honored to learn from Dr. Kenneth D. Wells, president of the Freedoms Foundation, that Oregon has excelled in this patriotic and meritorious undertaking.

On August 12 Dr. Wells wrote to me from Valley Forge:

The wondrous work and clearly defined validity of the special programs for building an understanding of the American way of life, and excellent personal citizenship are shining brightly in your State of Oregon. There is clear proof in the remarkable series of awards earned in 5 of your major communities. No State has shone more brightly before the distinguished awards jury, the review panels, as they have met during the past 7 years.

This is one more indication of the excellence and thoroughness of Oregon schools. An earlier example was cited in my speech on the Senate floor June 26, when I discussed the fact that Oregon inductees ranked second in the Nation in their records during the educational tests conducted by the Army in the Korean emergency.

Dr. Wells places Oregon at the very top of the pinnacle in the attainments of Oregon students in the Freedoms Foundation awards contests. Five Oregon communities have participated in these achievements—Burns in Harney County, Grants Pass in Josephine County, Medford in Jackson County, Perrydale in Yamhill County, and Salem in Marion County.

Dr. Wells has provided me with the full list of Oregon award winners, which shows a remarkable performance by the students and teachers of the school system of our State capital city of Salem.

Indeed, this may be a factor in the decision of Dr. Wells himself to purchase a farm home in the lovely and verdant Willamette River Valley, a few miles north of Salem.

I ask unanimous consent that the list of Oregon participants in these successful efforts be included in the CONGRESSIONAL RECORD—as a demonstration of the caliber and quality of the educa-

tional systems of our great State. I also ask that Dr. Wells' moving and eloquent letter to me, of August 12, likewise be printed in the body of the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FREEDOMS FOUNDATION AT

VALLEY FORGE,

Valley Forge, Pa., August 12, 1957.

Hon. RICHARD L. NEUBERGER,

Senate Office Building,

Washington, D. C.

DEAR SENATOR NEUBERGER: The wondrous work and clearly defined validity of the special programs for building an understanding of the American way of life, and excellent personal citizenship are shining brightly in your home State of Oregon. There is clear proof in the remarkable series of awards earned in five of your major communities. No State has shone more brightly before the distinguished awards jury, the review panels, as they have met during the past 7 years.

May I express official thanks for your warm greeting and personal interest in and assistance to the considerable number of teachers and outstanding students we have brought to our Nation's Capital, as a part of their school award. Your remarks to them on the historic meanings of the Capitol itself and of the price paid that Americans might be free, have contributed to their understanding of their individual rights and personal responsibilities to the fundamental principles of this Republic.

May I call your particular attention to the long list of awards to many schools in Salem, your State capital? These do not include teachers' medals earned by many of these outstanding women and men.

It is your hope that every State, and each city, will proceed with as great vigor in fine works, affirmatively telling the American story, while we are in the great battle with the swaggering ugly philosophy of atheist communism.

Faithfully yours,

KENNETH D. WELLS.

AWARDED SCHOOLS IN OREGON

BURNS

Burns Grade School, box 431; principal: Henry L. Slater; 1950, honor medal, school; 1952, Valley Forge pilgrimage, school.

GRANTS PASS

Grants Pass High School, Olive Street; principal: Frank W. Thomas, 1952, Valley Forge pilgrimage, school; 1955, Valley Forge pilgrimage, school.

MEDFORD

Medford Senior High School, 815 South Oakdale; principal: Lester D. Harris; 1954, Valley Forge pilgrimage, school; 1956, freedom library, school.

PERRYDALE

Perrydale High School; superintendent: principal: Donald F. Miller; 1950, certificate of merit, general.

SALEM

Bush School, University and Mission Streets; principal: Alvin W. Hoerauf; 1953, Valley Forge pilgrimage, school; 1954, honor medal, school; 1955, freedom library, school; 1956, freedom library, school.

Englewood School, 19th and Nebraska; principal: Dorothy Daughtery; 1950, honor medal, school; 1951, freedom library, and Valley Forge pilgrimage, school; 1952, Valley Forge pilgrimage, school; 1953, honor medal, school; 1954, Valley Forge pilgrimage, school; 1955, freedom library, school; 1956, Valley Forge pilgrimage, school.

Keizer School, 5005 North River Road; principal: Mrs. Carmelite I. Weddle, superintendent; 1953, Valley Forge pilgrimage, school; 1954, honor medal, school; 1955, Val-

ley Forge pilgrimage, school; 1956, freedom library, school.

Leslie Junior High School, Howard and Cottage; 1955, Valley Forge pilgrimage, school; 1956, honor medal, school.

McKinley Elementary School, Miss Dorothy Rea, principal; 1954, Valley Forge pilgrimage, school; 1955, freedom library, school.

Morningside Elementary School, 3113 South 12th Street; Marion Miller, principal; 1956, Valley Forge pilgrimage, school.

Oregon State School for the Blind; 1955, Valley Forge pilgrimage, school.

Richmond Elementary School, Richmond Avenue and Mill Street; Miss Mathilda Gilles, principal; 1953, freedom library, school; 1954, freedom library, school; 1955, honor medal, school; 1956, freedom library, school.

Salem Heights School, Steve Irving, principal; 1955, freedom library, school.

South Salem High School, Carl E. Aschenbrenner, principal; 1956, honor medal, school.

MUTUAL SECURITY ACT OF 1957— CONFERENCE REPORT

Mr. GREEN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of August 8, 1957, p. 12837, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	Monroney
Allott	Green	Morse
Anderson	Hayden	Morton
Barrett	Hickenlooper	Murray
Beall	Hill	Neuberger
Bennett	Holland	O'Mahoney
Bible	Hruska	Pastore
Bricker	Humphrey	Potter
Bush	Ives	Purtell
Butler	Jackson	Revercomb
Byrd	Javits	Robertson
Capehart	Jenner	Russell
Carroll	Johnson, Tex.	Saltonstall
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Chavez	Kennedy	Smathers
Church	Kerr	Smith, Maine
Clark	Knowland	Smith, N. J.
Cooper	Kuchel	Sparkman
Cotton	Langer	Stennis
Curtis	Lausche	Symington
Dirksen	Long	Talmadge
Douglas	Magnuson	Thurmond
Dworshak	Malone	Thye
Ellender	Mansfield	Watkins
Ervin	Martin, Iowa	Wiley
Flanders	Martin, Pa.	Williams
Fulbright	McClellan	Yarborough
Goldwater	McNamara	Young

Mr. MANSFIELD. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], and the Senator from West Vir-

ginia [Mr. NEELY] are absent on official business.

The Senator from Missouri [Mr. HENNINGSEN] is absent by leave of the Senate because of illness.

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate in order to represent the Senate at the Latin American Economic Conference in Buenos Aires.

The Senator from South Dakota [Mr. MUNDT] is absent on official business.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the conference report.

Mr. GREEN. Mr. President, the Mutual Security Act conference report provides an even split between the overall total provided by the Senate and that provided by the House in authorizations of appropriations for the fiscal year 1958. In most other respects, the conference report follows the provisions of the House version of the bill.

The total authorization provided by the conference report for the fiscal year 1958 is \$3,367,083,000. This is a reduction of \$250,250,000 from the Senate version of the bill, and is an increase of a like amount over the House version.

Actually, so far as the fiscal year 1958 is concerned, only three figures were in dispute between the two Houses. For military assistance, the Senate had authorized \$1.8 billion; the House, \$1.5 billion. The conferees agreed on \$1.6 billion.

For defense support, the Senate had authorized \$800 million; the House, \$600 million. The conferees agreed on \$750 million.

For administrative expenses, the Senate had authorized \$33 million; the House, \$32.5 million. The conferees agreed on \$32,750,000.

Overshadowing the amounts to be authorized for 1958, however, was the issue of future-year authorizations, particularly so far as the development loan fund was concerned.

Senators will recall that the Senate version of the bill authorized appropriations for the fiscal year 1959 of \$1.5 billion for military assistance, and appropriations of \$710 million for defense support. The Senate version of the bill also authorized the development loan fund to borrow \$750 million from the Treasury, beginning in each of the 2 fiscal years 1959 and 1960. The House version contained no authorizations for either appropriations or for borrowing beyond 1958.

The conferees met long and earnestly, in an attempt to resolve these differences, which really stem from a basic and fundamental difference in the concept of the foreign-aid program. The Senate approach reflected the results of the exhaustive studies made by the Special Committee To Study the Foreign Aid Program. The Senate version of the bill was also more nearly in line with the recommendations of the President.

Although I can speak only for myself, I believe that the Senate conferees are

still unanimously of the view that the Senate version would have resulted in a sounder and more effective program. However, after many hours of discussion with our House colleagues, a majority of the Senate conferees became convinced that there was no practical possibility of House approval of the Senate approach at this session of Congress. The Senate conferees, therefore, yielded, but with great reluctance. As a result, the conference report contains no authorizations for military assistance or defense support beyond the fiscal year 1958.

On the paramount issue of financing for the development loan fund, however, the House did make a concession in agreeing to an authorization for appropriations of \$625 million for the fiscal year 1959. This is in addition, of course, to the authorization for the appropriation of \$500 million for the fiscal year 1958, which was in both the Senate and House versions.

A prerequisite to the fund's success is that it have sufficient capital and that it not be dependent upon annual appropriations. The Senate version would have provided a capital of \$2 billion for the loan fund over a 3-year period.

The House version, which was limited to \$500 million and a single year, gave the fund virtually no hope of success. The Senate version gave it every reasonable hope. The conference agreement gives it some hope. Just how much depends upon whether the appropriations authorized are in fact made available without fiscal-year limitation. The Senate conferees yielded as much as they did only after having received informal assurances from the House leadership that this would be done.

A final word needs to be said about administration of the fund. On this point, the conference report adopts the language of the House version, which provides for a Manager, to be appointed by the President and confirmed by the Senate; and for a Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, as Chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank.

The Manager will be an official of the International Cooperation Administration, but both he and the Loan Committee will operate under the close policy guidance and control of the Secretary of State. The Development Loan Fund will be a significant arm of United States foreign policy. It will fail of its purpose unless it is controlled by the official responsible for foreign policy—namely, the Secretary of State.

Mr. President, I daresay that no Senate conferee is entirely satisfied with this conference report. Certainly I am not. But it is the considered judgment of a majority of the Senate conferees that, in view of the situation prevailing in the House, this is the best agreement we can get at this session. The report does represent some improvement over the existing foreign-aid program. It is my hope and my expectation that next year further progress can be made.

Mr. SMITH of New Jersey subsequently said: Mr. President, it had been my purpose to make a few remarks in support of the statement by the chairman of the committee [Mr. GREEN], but I have decided instead to ask unanimous consent to have printed in the RECORD, following his presentation, a statement which I have had prepared. The statement includes a brief history of the Mutual Security Act, and makes some comments on the conference report. It also covers the subject of the foreign-aid studies made this past year before the bill was prepared and before it came before either House. The statement covers the results of those studies, and the Senate and House bills, and the differences. It also covers the sums authorized, as already reported by the chairman. It urges support of the conference report as the most feasible way to obtain mutual-security legislation this year. It finally points out, in conclusion, that the President has requested the appropriations be as near as possible to the conference report figure.

Mr. President, I ask unanimous consent that the statement be printed in full following the presentation of the chairman of the committee.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SMITH OF NEW JERSEY
MUTUAL SECURITY ACT, 1957—CONFERENCE
REPORT

I

The conference report on S. 2130, the Mutual Security Act of 1957, should be supported. Unfortunately, the conference bill differs in some important respects from the version as passed by the Senate, a bill adopted after a long and intensive examination by the Special Committee To Study the Foreign Aid Program, aided by the proposals of two Executive-appointed committees. I regret that the House stand has made it impossible to secure acceptance of all the Senate changes this year, especially the 3-year revolving loan fund, but the conference bill does contain many admirable features and I urge that it be supported.

II

Foreign aid studies

A reexamination of the mutual-security program was initiated last year because of the realization that it was not being clearly understood by the American people and its administration was not adapted so as to integrate it most effectively with American foreign policy. Its purposes were diffused and its policies were confusing.

Nine years of operation of the mutual-security program had produced some significant accomplishments; the strengthening of the military power of the free world, and assisting the underdeveloped nations in their drive to attain economic progress and maintain their freedom, independence, and the right of self-determination.

But there was a need for a clarification of policies and purposes, and for a reappraisal of the administration of the program; these, in addition to the experience which had been accumulated, made it possible to survey and reexamine the entire program so as to ascertain more clearly its function in the foreign policy of this Nation.

III

Results of the studies

The special committee study, the reports of witnesses, proposals by the Executive, and the final report of the special committee stressed

the following aims and recommendations for the mutual-security program in the future:

1. Increased efficiency and effectiveness.
2. Clarification of policies and objectives.
3. More functional programing and administration.

From these general objectives certain important specific aims were set forth:

1. Separation of military and nonmilitary aid.
2. A closer integration of military assistance to the total overall defense effort of the United States, and a possible placing of military assistance in the Defense Department budget.
3. Creation of a program for a long-term economic assistance to be available on a continuing basis.
4. Emphasis on loans and a businesslike economic assistance program, rather than on grants.
5. Deletion of some existing restrictions on planning and programing of military and economic aid; that is, by authorizing funds to be spent on a "no-year" basis.
6. Continuation and extension of the technical cooperation program.
7. Increased flexibility to enable the President to meet emergencies and unexpected contingencies.

IV

Senate and House bills

The Senate bill largely carried out these objectives, especially through the creation of a 3-year revolving development loan fund, and 2-year authorization of military assistance and defense support funds on a "no-year" basis. The House bill eliminated the 2-year authorizations for these latter funds and thus prevented their placement in the Defense Department budget in fiscal year 1959. It restricted the loan fund to 1 year and substituted its own form of administrative organization for the fund, and it severely restricted the President's flexibility in the handling of special assistance moneys.

The House, however, did add certain advantageous features, and these have been preserved in the conference bill:

1. It broadened the banking authorization in the loan fund by widening the power to make guaranties.
2. It authorized technical cooperation funds to remain available until expended, instead of having 25 percent of them available for 15 months.
3. It extended the time for reemployment rights of personnel hired by ICA from other Government agencies from 24 to 30 months in order to allow such personnel to spend more time abroad.

Sums authorized

The President's request for \$3.8 billion was reduced in the Senate bill to \$3.6 billion and was cut further by the House bill to \$3.1 billion. The conference fixed the amount at \$3.3 billion representing a reduction of \$300 million in the military assistance authorization from the figure requested by the President, and a reduction of \$150 million in defense support.

VI

Support of the conference bill

Despite the fact that the conference report emasculates the long-term revolving loan fund by substituting a 2-year authorization in the place of borrowing power, and replaces 2-year authorizations for military assistance and defense support monies with annual authorizations so that they cannot be placed in the Defense Department budget in fiscal year 1959, I urge that the report be supported.

I deeply regret that these provisions have been eliminated from the act this year, especially the long-term revolving loan fund because it constitutes a potent weapon in the mutual security program today when much of the cold war conflict between the free nations and international communism has

shifted to the economic sphere where the underdeveloped countries are heavily involved.

However, an overall examination of the conference report does reveal that a considerable advance has been accomplished in this bill:

1. Military assistance and defense support funds are now available until expended, i. e. on a "no-year" basis, enabling planning and programing in these categories to be more effective than in the past.
2. Defense support has been limited to military items in the main, and a distinct separation of military and nonmilitary items had been achieved.
3. A long-term loan fund has been started with a possible capitalization of over \$1 billion, although it will not be revolving.
4. The principle of long-term loans rather than grants in the economic field has been upheld.
5. Technical cooperation has been extended and placed on a "no-year" basis.
6. Greater flexibility has been provided for the President in the event of emergencies and contingencies.
7. Obsolete sections of the act have been eliminated and titles have been clarified.
8. Policies and objectives have been clarified; and
9. Administrative gains have been achieved which can promote efficiency and more effectiveness in carrying out the program in the future.

These are positive steps forward. Many of the recommendations made in the studies have been included in the bill, and the report urges that careful consideration be given to the creation of a corporation to administer long-term economic loans next year. Other steps can and will be taken. In fact, they must be attempted if the underdeveloped nations are to be enabled to become economically strong and to retain their independence.

VII

Conclusion

The conference report, even with its variances from the Senate bill, does provide for a more efficient and effective mutual-security program than has existed heretofore. It provides for substantial advances in policymaking and programing and, through its clarification of objectives, the mutual-security program can be more fully integrated with the foreign policy of the Nation in the future. I urge that all my colleagues support the bill.

However, in adopting the report it must not be forgotten that the amounts authorized constitute the rock-bottom figures which the President has warned are essential for the security of the country. To appropriate anything less would be an unwise "saving" which could jeopardize the safety of the Nation.

Mr. LANGER. Mr. President, will the Senator from Rhode Island yield for a question?

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from Rhode Island yield to the Senator from North Dakota?

Mr. GREEN. I yield.

Mr. LANGER. Can the distinguished Senator from Rhode Island tell us the total of United States loans to foreign countries, from the very inception of this program?

Mr. GREEN. I shall have to obtain those figures. The sums are very large.

Mr. LANGER. Will the figures include the ones for the grants which have been made? Will the Senator from Rhode Island also obtain the figures for the grants?

Mr. GREEN. I can procure those figures.

Mr. LANGER. It always seemed to me that the so-called Marshall plan was entirely misnamed, and that all that the Marshall plan did was to carry out what William Gibbs McAdoo did following World War I, when the United States loaned billions of dollars to certain foreign countries, but the only country that ever repaid what we loaned was Finland. Is that correct?

Mr. GREEN. I think there are certain differences.

Mr. LANGER. As a matter of fact, those loans never have been canceled; and the office of the Secretary of the Treasury still carries on its books, as money owed to the United States by those foreign countries, the various amounts which the United States loaned to them during the administration of Woodrow Wilson.

Mr. GREEN. The total foreign aid since 1945 amounts to approximately \$55 billion.

Mr. LANGER. That does not include the money given them after World War I, does it?

Mr. GREEN. No; the figure I have stated is for the period since 1945.

Mr. LANGER. I should like to have the Senator provide the other figures, if he can do so; and I should like to have them inserted in the RECORD.

Mr. GREEN. I shall be glad to obtain them, if they are immediately available.

Mr. LANGER. I should like to ask a further question: Is the presently proposed arrangement to be for 1 year or for more than 1 year?

Mr. GREEN. The arrangement provided in this measure is for 1 year.

Mr. LANGER. Yes; that is what I mean.

Mr. GREEN. The appropriation is for 1 year, but the development loan fund has an appropriation authorized for the following year, as well.

Mr. LANGER. What is the amount of that?

Mr. GREEN. One billion one hundred and twenty-five million dollars over 2 years.

Mr. LANGER. I think the Senator is aware, as a member of the Foreign Relations Committee, that I have been opposed to any loans or the granting of funds from the very inception of the program.

Mr. GREEN. I think the Senator has made it very clear.

Mr. LANGER. I have made it clear, and I should like to make it very clear that I am going to vote against the conference report.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8090) making appropriations for civil functions administered by the Department of the Army and certain agen-

RÉSUMÉ OF CASES IN WHICH CRIMINAL CONTEMPT ACTIONS HAVE BEEN INSTITUTED SINCE JANUARY 1953 FOR WILLFUL DISOBEDIENCE OF EQUITY ORDERS OR DECREES IN ANTITRUST CASES

1. *United States v. Western Pennsylvania Sand & Gravel Association, et al.* (Criminal No. 13855—W. D. Pa.).

Criminal contempt proceeding filed April 20, 1953, charging the defendants with violation of the decree entered February 21, 1940, by continuing an illegal conspiracy to agree on prices for the sale of sand and gravel and by using and quoting agreed upon prices in connection with bids on United States and State projects with knowledge that such projects were financed in whole or in part by the United States Government.

On November 10, 1953, one corporate pled nolo contendere and was fined \$10,000. A second corporate defendant pled nolo contendere March 11, 1954, and was fined \$20,000. The defendant association, 2 corporate and 2 individual defendants pled nolo contendere March 30, 1954, and were fined a total of \$67,500. The remaining individual defendant pled nolo contendere May 19, 1954, and was fined \$5,000.

2. *United States v. Schine Chain Theatres, Inc.* (Criminal No. 6279-C—W. D. N. Y.).

Criminal contempt proceedings instituted March 10, 1954, charging violation of decree entered in 1949 against J. Myer Schine, Louis W. Schine, John A. May, Schine Chain Theatres, Inc., and 5 subsidiary corporations. The petition alleged that defendants in the original antitrust case continued an unlawful combination and conspiracy to maintain local motion picture monopolies in violation of the 1949 decree and that they failed to dispose of 23 out of 39 theaters which the court had ordered them to sell.

Trial of the case concluded March 1, 1955, and before the decision was handed down the judge died. A new trial was ordered and on December 27, 1956, the court found the defendants guilty of contempt. On March 26, 1957, the defendants were fined a total of \$73,000.

3. *United States v. American Can Co.* (Criminal No. 34089—N. D. Calif.).

Contempt proceeding instituted May 21, 1954, charging violation by American Can Co. of decree entered June 22, 1950, by refusing to sell can containers to Davis Bros. Fisheries of Gloucester, Mass., except upon terms and conditions prohibited by the final judgment. The petition charged this action by American Can Co. prevented Davis Fisheries from resuming packing operations in January 1954 resulting in financial loss and unemployment in the town of Gloucester.

On December 8, 1954, the court handed down an opinion and order dismissing the Government's petition.

4. *United States v. Associated Credit Bureaus of America, Inc.* (Equity 10420—E. D. Mo.).

Criminal contempt proceedings instituted June 25, 1954, alleged violation by ACB of A (a national association of retail consumer credit reporting bureau) of an order entered October 19, 1953, amending a 1933 antitrust decree against its predecessor National Retail Credit Association. The Government charged the violation consisted of a failure and refusal by the defendant to furnish information upon request concerning prices charged by its members for credit reports and the type of report covered by such charge. During the pendency of the contempt proceeding the court offered the defendant an opportunity to purge itself which it did. Thereupon the court, at the request of the Government, dismissed the criminal contempt petition.

5. *United States v. Milk Wagon Driver Union Local 753* (Supplement to Civil 2088, N. D. Ill.).

Criminal contempt proceedings instituted July 30, 1954, charging respondents with vio-

lation of an antitrust decree entered September 16, 1940, enjoining them from attempting to compel or coerce any milk distributor not to serve any customer served by any other distributor or not to take customers away from any other distributor. Criminal contempt proceedings were combined with civil contempt proceedings which were instituted simultaneously.

In both cases the court ruled adversely to the Government June 1, 1955, holding that the actions complained of were part of a bona fide labor dispute and thus exempt from the decree. Both civil and criminal contempt proceedings were dismissed by the court at the same time.

Mr. O'MAHONEY. Mr. President, I yield the floor.

ORDER FOR ADJOURNMENT TO 11 A. M. TOMORROW—LIMITATIONS ON STATEMENTS DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until tomorrow at 12 o'clock noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I also ask unanimous consent that during the usual morning hour following an adjournment there be a limitation of 3 minutes on statements by Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Texas. I yield.

Mr. BUSH. We were told by the minority leader that at 12 o'clock noon tomorrow time would be set aside for eulogies of the late Senator McCarthy. I believe that is an order of the Senate.

Mr. JOHNSON of Texas. I believe I am in error.

The PRESIDING OFFICER. That is an order of the Senate.

Mr. JOHNSON of Texas. I believe the Senator from Connecticut is correct.

Mr. BUSH. I understood that memorial addresses on the late Senator McCarthy would be delivered, starting at 12 noon tomorrow.

Mr. JOHNSON of Texas. I have just discussed this matter with the minority leader, and we thought the Senate might convene at 11 o'clock tomorrow morning, but there is an important committee hearing to be held tomorrow at which the Secretary of Defense is to testify, and there is also another important committee meeting scheduled. I believe we overlooked the 12 o'clock order. We had better meet at 11 o'clock, then.

Mr. President, I withdraw my previous request. Therefore, I ask unanimous consent that when the Senate adjourns today it adjourn as in executive session until 11 o'clock tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. The Senator from California has entered the Chamber, and I should like to say to him that we overlooked the fact that we had an order for 12 o'clock tomorrow in connection with the McCarthy eulogies. I had forgotten completely about it until

I was reminded by the Senator from Connecticut. Therefore, I have changed the request from 12 o'clock to 11 o'clock, a. m.

**MUTUAL SECURITY ACT OF 1957—
CONFERENCE REPORT**

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the 2 Houses on the amendments of the House to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, I rise to oppose Senate acceptance of the conference report on the Mutual Security Act of 1957.

Last year, the then chairman of the Senate Committee on Foreign Relations, the late Senator George, supported the creation of a Special Senate Committee To Study Foreign Aid. He called for a thorough study of the program because he sensed—as did most Members of this body—that the foreign-aid program, if it was to be effective and acceptable to the American people, needed a deliberate and thorough overhauling.

Over the years since the inception of the Marshall plan, with its positive and definite purpose, the foreign-aid program had lost its way in the labyrinth of conflicting claims and inconsistent purposes. The Senate had serious doubts as to whether the program, as thus administered, was serving the interests of the American people.

Last year, Mr. President, many of the Members of this body went along with the administration's foreign-aid programs for 1 more year, on the condition that such time would be used to examine the program from the ground up, to determine, in the words of the resolution then adopted, "Whether foreign-aid served, could be made to serve, or did not serve the national interest."

After the late, distinguished Senator George proposed a thorough Senate study, the then chairman of the House Committee on Foreign Affairs, Mr. RICHARDS, proposed a similar study. And, finally, the administration itself decided to begin a reexamination of its own programs and the President created the Fairless Committee.

Mr. President, the special committee presided over first by the late Senator George, and then by the present chairman of the Committee on Foreign Relations, the distinguished senior Senator from Rhode Island [Mr. GREEN], was given \$300,000 to carry on its study. Among its 19 members were the chairman and ranking minority members of the Senate Committee on Armed Services and the Senate Committee on Appropriations.

After some 9 months of serious and continuous work, which involved sending distinguished citizens of all political persuasions to every part of the world; after some 9 months during which the committee received scholarly and thorough studies, undertaken by no less than 10 nonpolitical institutions of higher learning and other private contractors, the special committee brought forth a

unanimous report. The report was supported by nearly 1,600 pages of surveys, hearings, and special studies.

Interestingly enough, Mr. President, that Senate report, on point after point after point, was in agreement with the study undertaken for the House by Representative RICHARDS, with the study undertaken by Mr. Fairless for the President, and with a study undertaken independently by the International Development Advisory Board.

Based upon this thorough preparation, the administration proposed an aid program which embodied a new approach to foreign aid. In two particulars, this foreign-aid proposal of last May broke new ground.

In the first place, it proposed that we take seriously the words of our Joint Chiefs of Staff over the years. They have asserted that the furnishing of arms and ammunition to our allies is an integral and important part of the defense program of the United States. The President proposed, therefore, in line with the recommendations of most of the outside studies, that henceforth military aid to foreign countries should be included in the Defense Department budget. The Senate accepted this suggestion. It was willing to try this approach for 2 years.

In the second place, the President, again in agreement with the findings of all of the research groups to which I have referred, and with the findings of the Senate committee, proposed that all economic assistance unrelated to military effort be put on a long-term, loan basis. He proposed a development loan fund which, over 3 years, would be capitalized at \$2 billion. The Senate accepted this proposition, fully appreciating, I think, that it was taking a major bold step forward in endorsing the principle that the economic progress of other free peoples is important to the security and welfare of the United States.

Mr. President, I have refused to sign the report of the conferees because the committee of conference has now rejected efforts of the President, the Senate, and many of the most able students of United States foreign economic policy to put foreign aid on a sound basis. Adoption of this conference report will result in continuing right down the same old path. We shall continue to act hastily under 1-year appropriations instead of acting wisely under long-range planning. We shall continue to disguise economic assistance as military assistance. We shall do nothing to eliminate cases in which too many arms are put into countries which must grind themselves further into poverty in order to keep their military machines going.

I had hoped, Mr. President, that we would have the foresight and the ability to pull ourselves out of the old rut. I had hoped that the President could exert enough influence in the House of Representatives to support a more rational approach to foreign aid.

I am proud of the action this body took when it passed the Senate version of the aid program. I was pleased with the work of the House Committee on

Foreign Affairs when, after some trembling, it came up with a program that had at least some semblance of the recommendations of all the study groups and the President.

The sad truth is, however, that the President of the United States failed miserably to push his program in the House. Members could not hear the voice of the President. They did not heed the voice of their own committee which had studied the program intensively. They did not even hear the voice of their own constituents who have been crying for a new approach to foreign aid.

Let me give an example of the kind of argument that was made in the House. The isolationist Members of the House used to complain bitterly because military and economic aid was considered in the same bill. They argued that military aid was in the bill in order to drag the economic aid along with it. They said that if military aid was so important, why not put it in the regular Department of the Defense budget and let it stand on its own feet? This year, Mr. President, the Senate bill and the bill approved by the House Foreign Affairs Committee proposed to do exactly that. The bill provided the mechanism by which military assistance would this year and in the following year be a part of the regular Department of the Defense budget, rather than be a part of the mutual security appropriation bill. Those House Members who had been calling for this year's finally had their chance. What did they do with it? They did a flipflop. This year they argued that the proponents of foreign aid were trying to hide in the regular Department of Defense bill the funds necessary to help support the military forces of our foreign allies. This record makes abundantly clear that these critics of foreign aid in the House are opposed to any kind of foreign aid in any form. It is a consistent position to oppose any foreign aid on the ground that it is hopeless, ineffective, and so forth. It is irrational to support the hand-to-mouth annual appropriated giveaways because one may be opposed to foreign aid. Such a policy is wasteful and inexcusable.

The other body listened again to the commands of a few critics who are able to bend Congress to their will. Even our Senate conferees, Mr. President, finally went down to defeat. The full extent of the Senate's capitulation is indicated in the report which has been filed. Mr. President, I ask unanimous consent that the clerk may read the first three paragraphs of the conference report on S. 2130.

The PRESIDING OFFICER (Mr. JAVITS in the chair). Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 22, 24, 27, and 28.

That the Senate recede from its disagreement to the amendments of the House numbered 2, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 29, 30, and 31 and agree to the same.

Mr. FULBRIGHT. Mr. President, if the whole report is studied one sees that the House receded on four amendments. The Senate receded on 21 amendments. These figures, Mr. President, do not look like the results of a conference. These figures represent a complete rout.

The conference, in which I participated, was one of the most amazing it has ever been my privilege to experience. I think I reveal no secrets if I report that time after time conferees from the other House found it necessary to suspend action while they consulted with members of the House Committee on Appropriations, with certain leaders in the House, and with the House Parliamentarian. On the last day, Thursday, the House conferees dragooned the Senate committee into canceling a previously scheduled meeting with the Secretary of State in order to force through without further delay their views.

I do not greatly oversimplify the matter when I say that a few members of the House Appropriations Committee wrote the conference bill now before the Senate. The conference bill was not written by the conferees from the Committees on Foreign Relations and Foreign Affairs. The expert knowledge they brought to bear was ignored. This fiasco of a conference was engineered by men behind the scenes who told the conferees what they could do and what they could not do.

Mr. President, in Congress we have two types of committees, legislative committees and appropriations committees. The task of legislative committees is to work out basic policies and programs for the United States. The task of the appropriations committees is to estimate how much money will be required to carry out the approved congressional policies. This conference report on the Mutual Security Act of 1957 provides a case where the Appropriations Committee of the House has usurped the function of the Senate Committee on Foreign Relations as well as the House Committee on Foreign Affairs. The Senate of the United States and the House Foreign Affairs Committee decided on two major changes in the foreign-aid program. First, the military portion of the program was to be included in the regular Department of Defense budget so that military aid planning could go hand in hand with domestic defense planning.

Second, it was decided that there ought to be a development loan fund to handle the assistance determined to be necessary to underdeveloped countries. The Appropriations Committee of the House was opposed to these policies. Have we reached the point in Congress where a few members of the House Appropriations Committee can frustrate the will of the rest of the House of Representatives and the will of the Senate and the views of the administration on a matter of basic foreign policy? If we have

reached this point, then I say the foreign policy of the United States is indeed in a precarious condition.

The administration's foreign aid proposals, which started out with such promise and which were supported in this body with enthusiasm and virtually without change, were gutted, and we are now asked to approve the slaughter. Those of us who went down the line for the report of their own special committee on foreign aid are now asked to go down the line for a soiled version of what was once an imaginative new program.

I for one do not intend to become a part of this operation. This program, which started with such vigorous support a few months ago, has been deserted. The Director of the International Cooperation Administration resigned in the middle of the battle. The President apparently has lost interest in the program. The Secretary of State, who appeared once in behalf of the program before our committee in the Senate, has confined his activities in recent weeks to occasional answers to questions in his press conferences. I have not heard a word from the Secretary of Defense, the head of the Department which is to receive the lion's share of the funds herein authorized.

Mr. President, a handful of men on the Appropriations Committee of the House of Representatives have undertaken to reverse a major foreign policy decision taken by the Senate. The question is whether the Senate will permit this. I say "No." I say that the Senate should insist on having in the mutual security bill a development loan fund in substantially the same form as the Senate adopted it.

The Senate bill established a development loan fund, the capital of which would be built up over a 3-year period to a fund of \$2 billion. The first year's increment of the fund was to be provided by a no-year appropriation, and the second and third year's increment was to be provided by borrowings from the Treasury under conditions similar to those established for the other Federal lending institutions like the Export-Import Bank. Careful criteria were spelled out in the bill for the making of loans. In other words, a major portion of the foreign aid program was to have been put on a long term loan or repayable basis, carefully planned by the best talent available to our Government.

The conference bill now before the Senate is very different from the Senate bill. The conference bill provides for authorization of an appropriation of \$500 million for the fiscal year 1958 on a no-year basis and an authorization of an appropriation of \$625 million for the fiscal year 1959 on a no-year basis. The conference bill is unwise first on the question of the method of capitalizing the development loan fund after the first year. The appropriation method is not as sound for this kind of institution as is the public debt transaction or borrowing authority. The appropriation method leaves the fund at the mercy of the House Appropriations Committee. It nullifies the principle of continuity and the assurance of continuity, which is necessary to induce foreign countries

to undertake long term planning. I understand, Mr. President, that some kind of oral assurance has been given by certain members of the House Appropriations Committee with respect to future financing of the fund, but I submit that this is a wholly unsatisfactory foundation on which to try to establish the development loan fund.

The second defect in the conference bill with respect to the fund is that the amount of money authorized for the fund has been cut by more than one-half. The Senate loan authorization is \$2 billion. The total House authorization is \$500 million. Even splitting the difference between these 2 figures would have resulted in a figure of \$1,250,000,000, but the conference agreement which is before us calls for a total of \$1,125,000,000, which is \$125 million below the one-half mark.

Mr. President, there are other features of the conference report which are not satisfactory. I shall mention only one of them. The Senate bill, in the portion dealing with the development fund, provided that the assets of the fund might be used to guarantee investments by United States individuals and corporations overseas under the same rules which are now applicable to the guaranty program being carried out by the International Cooperation Administration. Under the Senate bill the sole new feature is to provide an additional fund so that the guaranty program could be enlarged. The risk to be covered by the guaranties is not to be enlarged, that risk is to be confined to the risk of war, the risk of expropriation, and the risk of inconvertibility of earnings.

The House bill, by an amendment which was accepted by the Senate conferees, would make this guaranty authority in the development loan fund a wide-open authority, except for a limit which I shall mention in a moment. The conference bill would permit the development loan fund to be used to issue any kind of guaranty to anybody and for any purpose with the aforementioned exception. Guaranties could be issued to foreign investors as well as United States investors. Guaranties could be made of loans, or sales, or corporate investments. There is only one limitation included in the conference bill, which is:

No guaranties of equity investment against normal business-type risks shall be made available under this subsection.

There was disagreement in the committee of conference as to what this language meant, and the provision is, therefore, bad on that ground alone. What is an "equity investment"? The Conferees were not sure, although some said that the language meant that while the Chase National Bank could be guaranteed its return of capital and interest on a loan against normal business-type risks, General Motors could not be given such a guaranty if it purchased a part of the stock of a foreign company. Before such contingent liabilities are accepted I think we should be more certain about the character and extent of such liabilities.

Mr. President, I shall not discuss any of the other unsatisfactory provisions

of this conference report. I believe I have established a sufficient case to justify returning the bill to the committee of conference in an effort to have a better bill brought back to the Senate. Mr. President, my intention is to try to find out whether the Senate of the United States is to have any substantial influence over the foreign policy of the United States. Personally, I am unwilling to give up to the other body complete control of our foreign policy. I believe it our duty to exercise some influence upon these affairs.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "Risky Frugality," published in the Washington Evening Star of August 12, 1957.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

RISKY FRUGALITY

Although leaving himself open to misinterpretation, Secretary Dulles spoke realistically when he recently told a House Appropriations Subcommittee that the purpose of American foreign policy is not primarily to make friends in the world, but "to look out for the interests of the United States."

The more friends we have, of course, and the stronger and stabler they are, the better that is for us. But friendship, solely and simply for friendship's sake, is not the guiding principle of our country's international programs. Actually, far from being naively altruistic or sentimental, the guiding principle is aimed at the hard-headed objective of achieving those things that seem best calculated to advance our own national well-being and security. That is why our Government strives, for example, for good relations with dictatorships as different as Generalissimo Franco's in Spain and Marshal Tito's in Yugoslavia.

This is what is known as the policy of enlightened self-interest. It is a policy that motivates the actions of every mature and independent government in the world. Countries do not fall in love with each other. They are all selfish and self-centered, in their own ways, and when they develop close ties or enter upon a sort of international married life, they do so only because they have concluded that that is the wisest and most promising course for them to follow. This explains why we have the great alliance called the North Atlantic Treaty Organization. And it explains, too, why we have been investing billions of dollars each year in our mutual security program of defense support and economic aid to our friends and allies abroad, and even to neutralist powers and a maverick Communist land like Yugoslavia. The main objective, to repeat, is not to make friends, but to serve the best interests of our Nation.

It is against this background that Americans must judge what Congress has done to President Eisenhower's rock-bottom request for \$3.8 billion to continue with the mutual security program in the current fiscal year. A Senate-House conference committee has reached an agreement under which the authorizing legislation cuts that sum to \$3.3 billion. Further, the agreement, which may suffer additional slashes when the time comes to appropriate the money for it, greatly weakens the President's commonsense proposal to set up a long-term revolving loan fund for developmental projects overseas. As a result, militarily, politically and economically, the Kremlin is now likely to find it easier to carry on its conspiratorial work in such vital areas as Asia and the Middle East.

True, both Houses of Congress have agreed on something that seems to have saved money for the American taxpayer. But appearances are often deceiving. In this instance, in terms of serving the interests of our country, the frugality may well prove to have been recklessly improvident.

Mr. FULBRIGHT. I particularly invite attention to one sentence, in which the editor said:

Further, the agreement—which may suffer additional slashes when the time comes to appropriate the money for it—greatly weakens the President's commonsense proposal to set up a long-term revolving loan fund for developmental projects overseas. As a result, militarily, politically, and economically, the Kremlin is now likely to find it easier to carry on its conspiratorial work in such vital areas as Asia and the Middle East.

In addition, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "The Foreign Aid Cuts," published in the New York Times of August 10; also an article entitled "The President and Nation Lose," written by Roscoe Drummond, and published in the Washington Post of August 9, 1957.

There being no objection, the editorial and article were ordered to be printed in the RECORD, as follows:

[From the New York Times of August 10, 1957]

THE FOREIGN AID CUTS

In preparation for the new mutual security program the Senate and House committees concerned initiated at considerable expense 21 separate official and private studies. All these studies agreed that in view of the continued threat of Communist aggression, and despite the \$60 billion, including loans, already spent on it, both military and economic foreign aid must continue. They also made, with remarkable unanimity, certain specific recommendations on the basis of which President Eisenhower submitted to Congress a program designed not only to make foreign aid more effective but also to remove it as an annual football of domestic politics.

But Congress paid little heed to either the studies or the recommendations of the President and his aids. On the contrary, in the name of a false economy and falsely understood congressional prerogatives, it has now cut the program to shreds.

After trimming his original program by half a billion dollars, President Eisenhower asked for \$3,865,000,000 for it. This, he warned, was a rock-bottom figure. Any further cut would imperil our own national security and that of our friends. The Senate-House conference has finally cut it to \$3,366,000,000. This compares with \$3,766,570,000 authorized and nearly \$5 billion actually spent last year.

Such a cut might be welcomed if it were based on the same careful analysis and far-sighted statesmanship that guided the President's program. But how was the final figure fixed? Why, by simply splitting the difference between the Senate and House figures. The cut will inevitably weaken free world defenses in the Far and Middle East, where the Communists are now probing for weak spots. And the administration will still have to fight for the actual money appropriation, which is also subject to congressional politics.

In keeping with the recommendations mentioned, President Eisenhower had also proposed to put military aid in the regular defense budget, where it belongs, and so take it out of politics. But Congress refused. In line with the same recommendations he likewise proposed to create a revolving development loan fund from which repayable

loans would be made to underdeveloped countries. For this the President asked \$2 billion over the next 3 years. Congress authorized only the \$500 million asked for this year plus \$625 million for the next year, which must still be translated into actual money.

The best that can be said for the conference bill is that it could have been worse. One can only hope that it will not cost us much more than the cut has saved.

[From the Washington Post of August 9, 1957]

PRESIDENT AND NATION LOSE

(By Roscoe Drummond)

On one of the two crucial budget issues which he made a central test of his influence with Congress and on which he appealed strenuously to the country for support, President Eisenhower is losing badly.

The issue is the size and character of the mutual security program—military and economic aid to friendly nations. The battle is just about over and at this point there is no evidence that the President will be able to salvage much, if anything, from the wreckage.

The blunt fact is that Mr. Eisenhower has lost at every point. While his views have been supported almost uniformly by the Senate, they have been rejected almost uniformly by the House. Furthermore, he has lost in matters where he has the widest experience the highest credentials and, I believe the trust of the country.

Here is the score to date:

The appropriation—President Eisenhower proposed a mutual security budget of \$3,864,000,000 as vital to America's defenses. He defended it as the most economic means of increasing our defenses, that is, by putting the weapons of defense, which they could not otherwise afford, into the hands of our allies.

The Senate cut the authorization \$227 million. The House cut it another \$500 million, a total slash of \$727 million. The end is not yet. This is only what is authorized. The House Appropriations Committee is busy cutting it further.

Military side—President Eisenhower, and many others inside and outside the Government, proposed to separate the military from the economic development part of the so-called "foreign aid" program and to put it where it belongs—in the defense budget. The President holds that these overseas military expenditures are as essential to our defense as the costs of our own Army, Navy, and Air Force and should be identified as such in the budget and in the public mind. Almost 75 percent of all mutual security funds goes to help build the defense of our allies. Most of it goes to Korea, Formosa, Vietnam, Pakistan, and Turkey.

The Senate Foreign Relations Committee approved this procedure. The Senate approved it. The House Foreign Affairs Committee approved it. The House membership rejected it.

Long-term loans—President Eisenhower, and many others inside and outside the Government, proposed that all funds for economic—that is nonmilitary—assistance be put on the basis of long-term loans. The purpose is not only to get away from gifts, which are bad for receiver as well as benefactor—all agree with this part of the proposal—but also to make possible intelligent, practicable, business-like long-range planning so that the funds could be most efficiently used.

The Senate approved the President's request for a \$500 million development loan revolving fund and for authority to borrow up to \$750 million in each of the first two years to keep the fund going. The House rejected these provisions.

Mr. Eisenhower's recommendations are supported by every independent study which

has been made of the aid program during the past year—by the Benjamin Fairless Committee, by the International Development Advisory Board headed by Eric Johnston, by the Massachusetts Institute of Technology Center for International Studies and by three special committees for whose detached advice the Senate appropriated \$300,000.

Events by now have apparently overrun any opportunity to restore the mutual security program to the level equal to the need. Unless the House can be brought by the President and by the public to reverse itself next year, we will be recklessly throwing away one of the most valuable means of defense.

Mr. Eisenhower has a tremendous educational campaign ahead of him.

Mr. FULBRIGHT. Mr. President, I am ready to yield the floor.

Mr. SPARKMAN. Mr. President, will the Senator yield for a question before he yields the floor?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. I commend the Senator from Arkansas for making the point he has made with reference to this program.

Is it not true that every study our committee had made during the adjournment of Congress and in the early part of this year resulted in a recommendation in favor of the type of program which the Senate had adopted in its version of the bill?

Mr. FULBRIGHT. The Senator is quite correct. There was a unanimity which one rarely finds in fields of this kind, with regard to what should be done about the economic aspect of the program. All those who studied the problem recommended a program such as the committee approved, and which the Senate adopted.

Mr. SPARKMAN. Studies were made not only by one different group, but many different groups. As I understand, there were 21 different teams.

Mr. FULBRIGHT. There were many groups, and many studies, besides the Senate study, on which we expended \$300,000. There was a recommendation by the Fairless Committee.

Mr. SPARKMAN. That was a group of industrialists.

Mr. FULBRIGHT. A group of businessmen.

Mr. SPARKMAN. They had been appointed by the President.

Mr. FULBRIGHT. The President appointed them.

Mr. SPARKMAN. The group was headed by Ben. F. Fairless, formerly president, and later chairman of the board of the United States Steel Corp.

Mr. FULBRIGHT. That is correct. They agreed on all important aspects of this part of the program.

Mr. SPARKMAN. Mr. Fairless testified before our committee.

Mr. FULBRIGHT. He did; and he was an excellent witness.

Mr. SPARKMAN. I am sure the Senator will remember another group, which was under the chairmanship of Eric Johnston.

Mr. FULBRIGHT. The Senator is correct.

Mr. SPARKMAN. It made an independent study, and came forth with the same recommendation; did it not?

Mr. FULBRIGHT. The same recommendation.

Mr. SPARKMAN. Does the Senator remember the recommendations made to us by the United States Chamber of Commerce?

Mr. FULBRIGHT. Their representatives also felt that this was the proper approach.

Mr. SPARKMAN. In fact, every group which made a study of the problem came to the same conclusion, and made the same recommendation; is not that true?

Mr. FULBRIGHT. Yes. We must not overlook the Massachusetts Institute of Technology group which had been studying this problem long before our committee undertook to study it. That group made a study independently of the committee study. The group was headed by Walter Rostow and Max Millikan. They were also in accord with the conclusions reached as a result of the other studies.

Mr. SPARKMAN. Is it not true that in our committee during the past several years we have tried to work up to some such programs as this, and have made some headway heretofore in putting the program on a loan basis, and gradually working up to the point where we could get away from gifts and grants, and put the entire program on a proper lending basis?

Mr. FULBRIGHT. The Senator is absolutely correct. That was the objective of the Senate. The way to get out from under the heavy burden of the program as it has been operated in the past several years was to use the approach recommended by the committee. That was the only practical way we could see to finally relieve the American people from the heavy burden of the program.

Mr. SPARKMAN. I wonder if the Senator from Arkansas recalls that about 2 months ago there was published a study—I believe by the Congressional Quarterly—on the record of repayment of loans by various governments. It showed what to me was an amazing record. They had already paid back approximately 25 percent. They had an excellent record.

Mr. FULBRIGHT. I do not remember that particular study, but I know that during the course of the hearings, as the Senator will recall, I requested that we be furnished with the best figures available with regard to repayment, even under the original Marshall plan, and with respect to many loans which everyone regarded as gone. They were not seriously considered as loans at the time they were made. A substantial amount is being repaid today on those old loans.

In addition, there is the experience of the Export-Import Bank, which has a remarkably good record. It does not make governmental loans, but it makes foreign loans, which are based upon foreign trade.

The International Bank is not a United States agency, but I understand it has had no defaults.

Mr. SPARKMAN. They have made money.

Mr. FULBRIGHT. They have made an enormous amount of money.

Mr. SPARKMAN. I believe I saw an item the other day to the effect that they had made \$31 million.

Mr. FULBRIGHT. That was for 6 months. They have made more than \$250 million.

Mr. SPARKMAN. While I signed the conference report, I did so because I felt that it was the best we could possibly get out of the conference. However, let me say to the Senator from Arkansas that I am in complete accord with the views he has expressed as to the need for changing this program into one of the type such as was provided for in the bill as it passed the Senate.

I hope our action today will not serve as a letdown, but that we may give notice that in connection with any future programs it will be our purpose to place them on a repayable loan basis, under a plan which will operate in such a way as to give reasonable assurance of success.

Mr. FULBRIGHT. I appreciate the comments of the Senator from Alabama. That approach is the only practical way to stop a very wasteful program, under which we give away funds without proper planning, and when we know in advance that such grants will not achieve their purposes. If any other approach can be made to work, it will not only save money, but it will achieve the objective of restoring the prosperity and strength of the other countries.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SMITH of New Jersey. Let me recall to the mind of the distinguished Senator from Arkansas the situation in conference. Unfortunately the Senator was ill the second day, when we engaged in a discussion of what was best to do under the circumstances.

I think we all agree that the House rejected the revolving loan fund plan under pressure of the House Committee on Appropriations, which was a terrible mistake.

I agree with everything the Senator has said on that subject. The question was whether we should allow a stalemate to develop, or whether we could make some adjustment.

The House Committee on Appropriations said, in effect, "Unless we can adjust this program to a 1-year basis, there will be no appropriation this year at all," and the House bill reflected this fact.

That was pretty bad news. It is the reason why the Senate conferees finally felt that it was wiser to accept the adjustment, even though we did so with a great deal of hesitation and doubt as to the wisdom of such a course.

I ask the distinguished Senator from Arkansas, whether he does not believe that the thing to do is to approve the conference report now, and aim later on at what we all want to do, namely, to follow the advice and recommendations of our expert committees, which spent a year in trying to set up a new plan.

I assume the House conferees thought they could not accept the 2-year program for defense and the longer range program for the revolving loan. We are definitely committed to that program. But it seems to me that this year we

cannot very well say that we will send the bill back to conference and deadlock the whole matter, when we are in need of the military part of the program especially. Therefore, I feel that we must approve the report. I join in commending the Senator for calling the matter to our attention, and particularly for his reference to the troubles which we encountered. We are now faced with the possibility of making no progress at all, of course, if we refuse to accept the report.

Mr. FULBRIGHT. I cannot go along with the Senator's feeling in the matter. I know that difficulties arise in every conference for I have served on a number of conference committees with Members of the House. This matter is of very grave importance, and it does not involve so much a question of money. In that connection, I told House Members that on several of the other items I would be perfectly willing to go along with them, and accept their figures, if that was what concerned them. What I was concerned with was getting the program on a proper basis and considering it as a matter of policy.

Mr. SMITH of New Jersey. We are all interested in that.

Mr. FULBRIGHT. The Senate has a responsibility in that regard. I do not believe we are justified in yielding to the Committee on Appropriations of the House. I believe we should accept a deadlock rather than to go along with the House. If the report is agreed to as it is, I do not know how we can ever resist the House on these items. This is the breaking point. This is the culmination of studies made by the Senate and by the executive department. The whole subject was studied by a presidential committee. The Fairless committee studied the subject, and so did the Johnston committee. All of them were in agreement. I do not know how we can afford to yield under a situation like that. To do so would mean we are giving up the whole principle, and yielding to the Committee on Appropriations of the House. Therefore, I do not know how the Senator can think there will ever be a better time for the Senate to stand its ground. We have never been in a better position. If we are going to give up our position now, I do not see any chance that we will ever be able to revive the policy next year. I will not be a party to sacrificing a principle so important as this one is. This is not a small matter. It involves hundreds of millions of dollars, from the money standpoint alone, aside from the principle which is involved.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. Reference has been made to various studies. We must not forget that the House made a study too, through the Richards committee, and that committee came up with the same recommendation.

Mr. FULBRIGHT. Certainly. The House Committee on Foreign Affairs was in agreement with the Senate on this matter. I have never seen a clearer case of agreement. We are being asked to

give in to the Appropriations Committee of the House, because of its power over appropriations.

Mr. SMITH of New Jersey. Actually, we are on the spot. The question is whether we will accept a stalemate on the whole program, or let it go through this year and take it up again next year.

Mr. FULBRIGHT. I said twice in committee that I was not going to give up that principle. I said I would be willing to go along and support the House figures in connection with the military assistance program and the defense support program. The conferees on the part of the House did not want to stop at that. They were quite willing to split the difference on those figures, but they also insisted upon determining the policy. The basic policy. The basic policy, apparently, is to be established at the behest of the Committee on Appropriations of the House. That is my opinion.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KNOWLAND. I am sorry I missed a part of the Senator's remarks, but I was present when the presentation was made by the distinguished chairman of the Committee on Foreign Relations, the Senator from Rhode Island [Mr. GREEN]. It is true that there was a difference of viewpoint, as the Senator states, not only dollarwise, but policywise between the two Houses. It is not quite fair, however, to say that it was a matter of yielding to the House Committee on Appropriations. I have great respect for that committee. I serve as a member not only of the Committee on Foreign Relations but also of the Committee on Appropriations of the Senate. The House conferees are an able group of men, and I am sure they were trying to uphold the position, not of the Appropriations Committee of the House, but of the House of Representatives itself. In the House there had been cast some rather decisive votes.

We are a two-House legislature. We are two Houses of equal power when it comes to legislation. It is a matter of finding an area of agreement.

That is true, first of all, dollarwise. As the distinguished Senator from Arkansas has pointed out, in that connection there was agreement reached. The Senator from Arkansas, who is one of the most valued members of the Committee on Foreign Relations, and next to the chairman, is the ranking Democratic member of that committee, has pointed out that the dollar problem was not a major point of difficulty. We had arrived at an adjustment in that regard, which I think was fair to the Senate and fair to the House.

A question arose as to the borrowing authority. We did have a difference of opinion on that. At the same time, from the point of view of the development fund, it was important to have continuity, because one of the most wasteful things that can happen, if we have only a 1-year fund, is the necessity of doing all the planning between the time the Senate can act and the House can act. We are now in August, and by the time

witnesses can be heard we will be in January or February next year. Therefore, we do not get a chance to make any plans. We did get the House to agree not only to the matter of having no-year funds so far as the defense support is concerned, and no-year funds so far as the military was concerned, but, in addition, we obtained a first year and a second year on the development fund so far as the authorization is concerned.

As the Senator has so ably pointed out, every recommendation of the various committees that were established by the Senate and House and the executive branch have stressed the importance of getting away from grants and into loans. While we did not get everything we desired, I believe we have made progress.

I remember many years ago, when I was a youngster in my State of California, riding up a mountain on a cog railroad. While we were riding, my father pointed out to me—and I think it was very good advice then and I still think it is—that sometimes when we are making a steep climb it is better to make slow and steady progress than it is to go too fast and perhaps strip the gears, so to speak, and lose the cars and all the passengers.

I believe we are making progress. We do have the development fund. We have the development fund with some continuity to it.

The House has had to go part way to meet us, and we have had to go part way to meet the House. I see nothing wrong in that. It is a matter of finding an adjustment between the two Houses. For that reason, I shall support the conference report. It does not satisfy me in every regard, but I shall wholeheartedly support the chairman of the Committee on Foreign Relations and vote to adopt the conference report.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. The distinguished minority leader says we must adjust differences. It seems we are doing more than that. The House has receded on 4 items, and the Senate on 21. That is just about the measure of what we have given up. It is not the money so much. We are yielding on a point of principle.

Mr. KNOWLAND. I do not dispute the actual number of recessions being made by each House. However, I say it is not quite a comparable situation with what we did in past years. This year, unlike prior years, the Senate originated the bill. The basic bill is a Senate bill. Therefore a great deal of the language in the bill is Senate language. In past years we have passed one bill and the House has passed another bill. Then we have had to allow some latitude between the two bills, and in many cases the two bills were vastly different from one another. The House has yielded in some instances and the Senate in others. It is not fair to make a comparison between what we did this year and what prevailed in prior years.

The House has actually yielded on a number of items on which I am sure the House would have preferred not to have yielded. Quite frankly, we have yielded

on matters on which we did not desire to yield. It is true that philosophically the House Members have agreed on a great many points with the Senate conferees. Nevertheless, the House conferees, mindful of their obligations as conferees on the part of the House, have felt an obligation, not to the Committee on Appropriations of the House, but to the House itself, to represent the point of view of that body. I do not think we can have any quarrel with them because of that.

Mr. FULBRIGHT. I do not wish to reiterate my speech, but I cannot help reminding the Senate that I have treated the subject of policy and appropriations.

The Senator from New Jersey a moment ago confirmed what I said about the influence of the House Committee on Appropriations. We are concerned here with an authorization bill, and it is eminently proper that we insist upon our views concerning the policy in accordance with which the program shall be operated, leaving to the Committee on Appropriations, under the usual traditions of Congress, the question of what is a reasonable amount to carry it into effect.

But it was quite clear in the committee of conference that the House conferees were subject to dictation by the House Committee on Appropriations.

There is one other point I wish to make to confirm that statement. I recall a conference not very long ago with the House conferees on the State Department appropriation bill. We were confronted with very much the same situation, and it was an extremely arbitrary and difficult situation.

It irritates me, especially when I pick up a newspaper, as I did yesterday, to read that Congress is to blame for the situation concerning ambassadors, because Congress refuses to appropriate sufficient representation money for the Embassies in London and Paris. I recall very well who cut those appropriations down—and it was over the Senate's protest. It seems to me that in every conference in which I have participated, which has involved foreign affairs, the Senate has been dragooned by the House into adopting policies which I think are disastrous to the long-term welfare of the United States in the field of foreign affairs.

I recall very well what happened at the conference this spring. The House had its way very largely. They cut down the representation allowances, thus making it necessary from now on, I suppose, to appoint persons to ambassadorships because of their party contributions and because of their wealth, but not because of their qualifications.

Congress is blamed by the press for this situation. I say it should be the House Committee on Appropriations. I am becoming a little tired of taking the responsibility for their attitude in matters of policy.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. I was a member of the Senator's committee which

studied the question of economic loans and policies, and all that went into the whole program. Our committee, the Richards committee, and the Fairless Committee, as the Senator has said, agreed upon a policy. I agreed with the policy. I still agree with it.

But I point out to the Senator from Arkansas that I have been concerned with problems of defense ever since I have been in Congress. During all the years of my membership in this body, I have been a member of the Committee on Armed Services. We must never forget that in the authorization bill, the principal items are for defense support and defense assistance. It seems to me that we have got to get some results out of a conference.

I was not a member of the committee of conference, but I have listened to the minority leader, the Senator from California [Mr. KNOWLAND]; the Senator from New Jersey [Mr. SMITH]; and the Senator from Rhode Island [Mr. GREEN]. I am certain the Senator from Arkansas feels as I do, namely, that if we are to get that defense assistance and defense support, we shall have to compromise to a certain extent on the economic side.

I have listened to the discussion and read the report. We now have authority granted for 2 years. The problem next year will not be one of authority, but one of appropriation. While it may be that we will have difficulties when it comes to appropriations, at least we will have authority for 2 years; and, what is more, defense assistance and defense support this year.

So while the Senate may have yielded on some points, the principle has been established and the authority granted with which we can act in the Committee on Appropriations later.

I agree to the conference report, although I am sorry, as a member of the Subcommittee on Economic Aid, headed by the Senator from Arkansas, that we did not get an appropriation for 2 years, or even 3, because I think that principle is a good one.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I agree with the Senator, and support him, because I have found that a spirit of fight pays. The Senator has made a fight for a very major principle, in which I know he believes deeply, namely, economic aid on a business basis, with business opportunity, which means a fund in hand.

The Senator from Arkansas ranks very high on the Committee on Foreign Relations. This is not the end of the battle. I notice from the report that it is contemplated that a corporation will be organized to administer foreign aid. I think, in addition to all the other expressions which have been made in the Senate, that the Senator from Arkansas should be encouraged in this fight. I think he is fighting for the best in a bipartisan foreign policy, and is fighting for the best long-range interests of our country.

Mr. FULBRIGHT. I thank the Senator from New York.

Mr. ELLENDER. Mr. President, early this year, Congress was presented with a new look foreign-aid bill. Programs were juggled, figures were changed, and we were told that the entire concept of mutual assistance had been brought up to date.

The most important of the face lifting processes which the program underwent was the substitution of a program of economic development loans for outright gifts. A great fanfare accompanied the announcement of this program. The press and radio were filled with glowing accounts of this reappraisal of policy. The development loan fund concept was supposed to put the economic aid program on a more realistic basis.

As Senators will recall, the development loan program—as submitted to Congress—was to operate in the following manner:

First, in fiscal 1958, Congress was to appropriate \$500 million to begin these loans. In addition, during fiscal years 1959 and 1960, the aid program was to be authorized to borrow up to \$1.5 billion from the Treasury to make foreign economic loans, without having to return to Congress for appropriations.

This 3-year fund, aggregating \$2 billion, was described as a revolving fund. The concept was advanced by the President, justified by the International Cooperation Administration, endorsed by the Senate Foreign Relations Committee, and approved by the Senate.

However, the record is replete with evidence that this is a revolving fund which will not revolve. The 3-year authorization voted by the Senate would have been only a starter. In essence, the fund—even as it now stands—will be a loan fund in name only. The money to be made available from this new foreign-aid “kitty” will, for all practical purposes, constitute outright gifts.

As I warned during the debate on the bill, congressional endorsement of this program as voted by the Senate would have committed Congress to continuing a foreign economic-aid program over at least a 3-year period. Congressional control over the program during the last 2 years of this period would have been surrendered by permitting the International Cooperation Administration to bypass the Appropriations Committees of both Houses. This would have occurred since the development loan fund would have been empowered to borrow directly from the Treasury in fiscal 1959 and 1960 instead of justifying its budget to Congress, as has been the custom in the past, and, I submit, as should continue to be the practice in the future—if, indeed, the program is to continue at all.

With great prudence, the House of Representatives eliminated the 1959 and 1960 borrowing authority and confined the loan-fund program to a 1-year, \$500-million authorization.

In conference, the differences between the House and Senate bills were compromised. An initial appropriation of \$500 million was authorized for fiscal 1958; in addition, a loan program was authorized for fiscal 1959 in the amount of \$625 million, with the provision that the

fund would have to be financed in fiscal 1959 by an appropriation, instead of a Treasury loan.

With all due respect to the committee of conference, the compromise reached on this particular item ignores the evidence offered to date on the program.

I am opposed to any 1959 or subsequent-year authority, for two reasons:

First, the agreement reached on this item marks a distinct departure from an established congressional policy with respect to foreign aid. As Senators well know, we have never authorized the program for more than 1 year at a time. By authorizing a 2-year-aid fund at this time, we are opening the door to a long-range foreign-aid authorization to cover future years.

Of course, proponents of the revised 2-year development-loan fund have said that the 1959 authority is necessary in order to give the program continuity.

I remind Senators that before 1 penny in loans can be consummated, over and above the \$500 million authorized for the fiscal year 1957, the fund must first obtain an appropriation. In other words, none of the fiscal 1959 lending authority can be exercised until that authority has been implemented by cash—and this, of necessity, means that loans for the fiscal year 1959 must be preceded by an appropriation next year.

It is obvious, Mr. President, that the fiscal year 1959 authority is meaningless. Therefore, provision for it should be deleted from the conference report. I realize the pressure under which the Senate is working, but I believe the report should be returned to the committee of conference. I want to make it perfectly clear that the fiscal year 1959 authority is unnecessary. In addition, as I have stated, it is dangerous, since it is a complete departure from the long-standing congressional policy to authorize foreign aid only on a year-by-year basis.

My second objection to the loan fund is more basic. As I indicated previously, this is a loan fund in name only. We have been told it is a revolving fund, but I submit that it will never revolve. It is patently clear that the fund is to be used to make loans upon which we expect little or no repayment. However, even if repayments on these loans are made on schedule, the fund cannot revolve for at least 5, and probably not for as long as 10, years.

A revolving fund presupposes prompt payments, with the payments used to finance future loans. We are not going to see any such development on this fund, in my humble opinion.

First, there is to be a moratorium on both principal and interest for a period of time, probably 5 years. Since for at least 5 years, neither interest nor principal will be repaid, there will be nothing flowing into the fund.

For this period of time, at least, the only way our money will go is out. None will come in.

In addition, although loans are to be made in dollars, repayments can be made in local currencies. The testimony before both the Senate and the House

committees on this item indicates very clearly that the overwhelming demand of potential borrowers from this fund is for dollars. They have little or no need for local currencies. I should like to know, Mr. President, how this so-called revolving fund is ever going to revolve, if repayments are made in local currencies, while loans are made in dollars. The answer is obvious. The so-called revolving fund is going to require revolving appropriations from the Treasury; we are going to be called upon to replenish the fund's supply of dollars year after year, ad infinitum.

Let us not fool ourselves. Although the fund would be set up on a 2-year basis, under the conference report, we are going to find ourselves extending this authorization and appropriating dollars to sustain the fund for many years to come.

Mr. President, I wish to call the attention of the Senate to the fact that I personally examined Mr. C. Douglas Dillon, Deputy Under Secretary of State for Economic Affairs. He testified quite frankly before the Senate Appropriations Committee that even the original 3-year authority requested by the administration and approved by the Senate was "just a starter." I quote from that testimony:

Senator ELLENDER. Now, is it not a fact as to any of these loans that are made to any particular country, that unless the repayment in the local currency can be used elsewhere, then any revolving fund that will be created will have to be used within that host country?

Mr. DILLON. That is certainly one of the most likely uses, Senator; that is correct.

Senator ELLENDER. So that as you have just indicated, the original request of \$500 million for this fiscal year, that is, 1958, and for the fiscal years 1959 and 1960, is just a beginner?

Mr. DILLON. That is correct.

Senator ELLENDER. And you no doubt will come back in the future in order to obtain more money to continue this lending operation?

Mr. DILLON. If the world situation stays the same, and I presume it will, we will probably be back.

That is the same story we have heard for the past 10 years.

Later, Mr. President, Mr. Dillon gave us an estimate as to how long it may take for this so-called revolving fund to revolve:

Senator ELLENDER. The point I wish to make is that it is not contemplated that these loan funds are going to be repaid within the next 5 years.

Mr. DILLON. No sir. They will not be repaid on such a scale as to obviate the fund's need for further resources.

In other words, for at least 5 years, Mr. President, there will be no income for the fund. All there will be will be expense, and this expense will have to be absorbed by the Treasury—by our taxpayers.

I continue to quote from Mr. Dillon's testimony:

Senator ELLENDER. Nor within the next 10 years.

Mr. DILLON. That is correct, although it is much more difficult to predict 10 years ahead. We should certainly be getting larger repayments by then and these countries should

be able to meet more of their need from their own production.

Mr. ELLENDER. In the meantime, it will be necessary, in order to continue this program, for Congress to authorize more and more funds in the event conditions remain as you say they are.

Mr. DILLON. That is correct. We will need further resources for some years.

Mr. President, it goes without saying that if world conditions remain as they are and if the fund is not replenished by collections, or if any collections which may be made are not converted into dollars, good old Uncle Sam will have to keep on pouring money into the revolving fund, in order to keep the fund going.

There is the picture, Mr. President. This highly advertised, "self-supporting" loan fund is nothing more than a new method for making economic-aid grants. Furthermore, although it was advanced as a 3-year program, a program which was to be self-liquidating and self-perpetuating, we now find that it is going to require continued outlays of tax dollars—and outlays which may cover, not 3 years, but as long as 10 years.

As I indicated previously, the report should be returned to conference. I do not want the Senate or our people to be under any illusion as to what we are getting into. The conference report as it now stands, and particularly the provisions dealing with the so-called development loan fund, constitutes a long-range commitment. We are binding ourselves to a long-range program of gifts, although they are labeled "loans." We are committing ourselves to appropriations of tax dollars for perhaps as long as a decade, although the fund is described as a "revolving fund."

I only desire to set the RECORD straight, and to serve warning upon the administration that I intend to do everything I can to correct this obnoxious situation, when the time comes to mark up the appropriation bill containing this item, as well as other items.

Our foreign-aid administrators should be made to fish or cut bait. There is a growing public sentiment against economic-aid grants. The administration should not be permitted to play both ends against the middle—to appease public opinion by camouflaging a long-range program of economic-aid grants under the guise of a short-term, self-supporting loan fund.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER (Mr. MORTON in the chair). Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. In order to make the matter clear, is it not true that the Senator from Louisiana is simply opposed to any kind of foreign-aid program? He is opposed, is he not?

Mr. ELLENDER. No; I am not. I want to taper off on the foreign-aid program. I would favor a sound program of loans—loans which would be repaid.

But such a program is yet to come. The so-called development loan fund would certainly not be such a program, as I have already demonstrated.

The Senator from Arkansas well knows that I supported the Marshall plan for a period of approximately 5 years. After the goals set for recovery were reached, I opposed further gifts. Senators and the committees who studied the original program said the Marshall plan was to end in a certain period of time; they said that if the United States spent a certain amount of money, certain objectives could be attained.

I was willing to go along on that basis. But I wish to say to my good friend, the Senator from Arkansas, that the program has been going for 4 years longer than we anticipated. The objectives originally proposed have been reached and surpassed, yet, now we are being asked to enter into another program. This new program is said to be of 3 years' duration, but the facts prove otherwise. It will require at least another decade of handouts. That is the opinion of Mr. C. Douglas Dillon, who is now Under Secretary of State, and who formerly was our Ambassador to France.

Mr. FULBRIGHT. I am not trying to criticize the Senator at all. I am trying to elicit his basic ideas. If he is against foreign aid altogether, I quite understand his position; but I do not understand a position wherein he is for it, but insists on a method of dispensing aid which everybody in and out of Congress is against. I do not mean every individual, but every committee in the Congress, including both committees dealing with foreign-aid policy, plus the Fairless Committee, plus the International Development Advisory Board, plus all the other organizations has said, "If we are going to have foreign aid, the better way to do it is this way." The Senator dismisses it by saying it should not be done some other way. I can quite understand the position that foreign aid is hopeless and that we ought to get out of it. That is a logical position. But to say we ought to have a foreign-aid program, and then resist the method which the committee has approved, and which practically everybody agrees is an improvement—that is where I leave the Senator. I do not quite understand his insisting that it be a giveaway, grant program if there is the slightest chance that the loan program will operate properly. Surely the Senator will agree that there is a slight chance.

Mr. ELLENDER. The Senator pointed out a while ago that in the past some loans were made and repaid.

Mr. FULBRIGHT. They are being repaid now.

Mr. ELLENDER. By some countries in Western Europe.

Mr. FULBRIGHT. Yes.

Mr. ELLENDER. Those countries have made payments on their loans only because we have continued to furnish money to them by way of gifts and other kinds of aid, and have otherwise kept their economy bolstered. The Senator knows what happened to the British loan a short time ago. We had to postpone interest payments on it. If we want

to make loans to foreign countries, why do we not utilize the Export-Import Bank and the World Bank? Why should we create another agency to get into the business of lending?

Mr. FULBRIGHT. The Senator is saying what I thought he said in the beginning. He is against the program. I think that is a logical position. I do not quarrel with the Senator when he takes that position. The only thing I quarrel with is the statement of the Senator from Louisiana that he is for the program, but then he insists on carrying out the program the wrong way.

I can understand the position of anyone who says, "This is a hopeless program. I do not quite go along with it." Sometimes I have doubts about it; but in view of Russian competition, I do not think we can afford to let the uncommitted part of the world find its own way without any guidance from us. I cannot follow the position that "I am for it, but I insist on doing it the old way," using methods which I think we have demonstrated should come to an end. I do not see any justification for the old short-term program, which necessitated our rushing at the end of the year to obligate sums for programs which might be for good purposes in themselves, such as a program for the eradication of mosquitoes, or other small programs, but which did not include any of the basic programs for increasing the production of wealth in the recipient countries. That is where I leave the Senator. If the Senator were to say, "I think this whole program should come to an end," I would at least have no quarrel with his logic.

Mr. ELLENDER. Mr. President, I think I have made my position clear in the many years we have had the program on the statute books. I voted for the program at its inception and for a number of years thereafter. I do not recall the exact number of years. When the goals proposed under the Marshall plan were reached, that is when I drew the line.

When we started the Marshall plan back in 1948, Mr. Paul Hoffman, who was the first administrator of the program, indicated that after 4 or 5 years, and after spending about \$18 billion, we could increase the industrial capacity of Western Europe to the point where we could withdraw. He set a productive goal and said when that goal was reached Europe could stand on her own feet. Moreover, it was understood that once Europe recovered she would help us in other areas. What was that goal? It is in the record. Mr. Hoffman said if we could increase industrial production in those countries by 25 percent over prewar, we could withdraw. What is the situation today? Industrial production in those countries has increased to over 66 percent of prewar, and we are still assisting those countries. In addition, we are now assisting other countries as well. We are receiving no help from Europe in carrying these burdens.

On the contrary, Europe has her hand out for more United States money.

We have started a program in south-east Asia that will continue to grow and grow and grow like Topsy if we keep pouring funds into that area. We are trying to create for those people the kind of economies which they cannot possibly support alone. If the assistance we render were kept within the ability of the people to understand, and within their capacity to maintain, I would be in favor of the program. However, Mr. President, when we pour into countries like South Vietnam and South Korea more money than they ever had before, when we inaugurate programs which they do not have the technicians to maintain, and do not have the economic capacity to support themselves, it simply means we are going to have to keep spending tax dollars in order to assist them.

Loan programs sound good. If I thought we could make loans which would be repaid in dollars, and that such loans would help those countries to help themselves, I would be in favor of them. However, that is not the way it will be.

We have been led to believe that the program was going to be on a 3-year basis, that if we put \$2 billion in the kitty that would be the end of it. But Mr. Dillon, who is Under Secretary of State, a former Ambassador to France, a recognized economist, and a businessman, stated this was just the beginning. He said the program might last for as long as 10 years. That means every year Congress will have to put up from \$500 million to \$750 million in order to keep enough money in the kitty to keep the fund in business.

It is my judgment that such a program would be nothing more than a continuation of the same philosophy which has brought the present aid scheme into such disrepute.

The loans contemplated under any loan program should be sound loans. There should be some prospect of repayment. We should have some assurance that the funds loaned would be put to sound and prudent uses.

In other words, a loan program based on sound lending practices could prove useful. However, as constituted now, the development loan fund is merely a device to maintain economic aid grants in the guise of loans, for I am sure that we will see our planners beating their way up to Capitol Hill in just a few years begging Congress to forgive those loans.

When we make loans that are neither sound nor prudent, we are not only doing our taxpayers a disservice, but we are also doing a disservice to the borrowers.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LANGER. If it is of any satisfaction to the Senator from Louisiana, I want him to know that the Senator from North Dakota fully agrees with every word he has said this afternoon.

Mr. ELLENDER. I thank the Senator.

Mr. LANGER. In my opinion, future history will record the fact that the Sen-

ator from Louisiana was absolutely right. I did not vote for the Marshall plan. I did not vote for it because history after World War I showed that, under Woodrow Wilson and William McAdoo, we poured billions and billions of dollars into Europe. The only country that ever repaid us was Finland. So the Marshall plan was nothing new. It was simply a reinauguration and a continuation of the program started by Woodrow Wilson. The very fact that Coolidge, Harding, and Hoover, 3 Republican Presidents, gave away not \$1, and took the nearly \$3 billion which was received—it may not have been quite that much—and applied it on the national debt showed that we had 3 Republican Presidents interested in keeping the national debt down. It was not until Franklin Roosevelt that we inaugurated the system of more loans, grants, and gifts. To me the Marshall plan was nothing new. It was as old as the hills. After World War I we did everything that Winston Churchill and other foreign representatives asked us to do. In line with the previous example, Churchill was right back here getting more money.

It does my heart good to find the distinguished Senator from Louisiana fighting for the taxpayers of the United States. If the United States Government had hired Winston Churchill and paid him \$4 million or \$5 million just to keep quiet, it would have been the best investment the United States had ever made.

Mr. MALONE obtained the floor.

Mr. JAVITS. Mr. President, will the Senator from Nevada yield?

Mr. MALONE. I yield to the distinguished Senator from New York.

Mr. JAVITS. I thank the Senator.

Mr. President, I wish to invite attention to a provision of the bill to which this conference report relates, found on page 42, lines 2 to 6, wherein it is stated:

In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees.

Mr. President, for the purpose of discussion of the conference report I wish to state that I consider this the most nettling and difficult problem in the whole Middle East situation, and perhaps the key to peace there. I shall at a later time, without intruding upon the patience of the Senator from Nevada, who has been very gracious in yielding to me, analyze the subject in detail. It keys directly to this provision of the bill.

I wish to invite the attention of the Senate to this matter, and state I hope to address myself to it constructively. I consider it not only a formidable problem, but the key to the situation in this very difficult problem area of the world.

I thank the Senator from Nevada.

(Senate proceedings continued after House proceedings of today's Record.)

House of Representatives

TUESDAY, AUGUST 13, 1957

The House met at 12 o'clock noon.

The Reverend George A. Chauncey, pastor, First Presbyterian Church, Monticello, Ark., offered the following prayer:

Almighty God, who hast made of one blood all the nations of the earth, we come to Thee as representatives of one of Thy nations, expressing our thanks, confessing our sins, and seeking Thy grace.

We are grateful because in Thy love Thou hast laid upon us responsibilities that demand our most thoughtful deliberations, our most courageous decisions, and our most effective action. Thou hast called us to be Thy faithful servants.

We are penitent because in our sin we have often proved irresponsible: our deliberations have been thoughtless, our decisions timid, and our actions ineffective. We have not always responded to Thy call.

We pray for Thy grace because only in Thy light do we see truth, only in Thy power do we find courage, and only in Thy love do we act responsibly. Fill us with Thy spirit, that we may become what Thou hast called us to be and do what Thou wouldst have us do; through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, August 9, 1957, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McBride, one of its clerks, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H. R. 1473. An act for the relief of Richardson Corp.;

H. R. 1861. An act for the relief of George W. Arnold;

H. R. 2264. An act for the relief of Donald F. Thompson;

H. R. 2460. An act to improve the career opportunities of nurses and medical specialists of the Army, Navy, and Air Force;

H. R. 2674. An act for the relief of Morris B. Wallach;

H. R. 2740. An act for the relief of Mrs. Harriet Sakayo Hamamoto Dewa;

H. R. 2928. An act for the relief of Harry and Sadie Woonteller;

H. R. 2937. An act for the relief of Clarence L. Harris;

H. R. 2985. An act for the relief of Alton B. York;

H. R. 3473. An act to authorize and direct the Secretary of the Interior to sell certain public lands in the State of California;

H. R. 3723. An act for the relief of Maj. Gen. Julius Klein;

H. R. 4520. An act to amend section 401 (e) of the Civil Aeronautics Act of 1938 in order to authorize permanent certification

for certain air carriers operating between the United States and Alaska;

H. R. 4830. An act to authorize revision of the tribal roll of the Eastern Band of Cherokee Indians, North Carolina, and for other purposes;

H. R. 5492. An act to amend the act of August 31, 1954 (68 Stat. 1044) to extend the time during which the Secretary of the Interior may enter into amendatory repayment contracts under the Federal reclamation laws, and for other purposes;

H. R. 5679. An act to authorize amendment of the irrigation repayment contract of December 28, 1950, between the United States and the Mirage Flats Irrigation District, Nebraska;

H. R. 6517. An act to provide for the retirement of officers and members of the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, the White House Police force, and of certain officers and members of the United States Secret Service, and for other purposes;

H. R. 6527. An act for the relief of Horace Collier;

H. R. 7540. An act to amend Public Law 815, 81st Congress, relating to school construction in federally affected areas, to make its provisions applicable to Wake Island;

H. R. 8643. An act to authorize the construction of certain works of improvement in the Niagara River for power, and for other purposes;

H. J. Res. 275. Joint resolution transferring to the Commonwealth of Puerto Rico certain archives and records in possession of the National Archives; and

H. J. Res. 426. Joint resolution amending a joint resolution making temporary appropriations for the fiscal year 1958, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 52. An act to provide increases in service-connected disability compensation and to increase dependency allowances;

H. R. 232. An act to amend the Internal Revenue Code of 1954 with respect to the readjustment of tax in the case of certain amounts received for breach of contract;

H. R. 1058. An act to preserve the Key deer and other wildlife resources in the Florida Keys by the establishment of a National Key Deer Refuge in the State of Florida;

H. R. 1937. An act to authorize the construction, maintenance, and operation by the Armory Board of the District of Columbia of a stadium in the District of Columbia, and for other purposes;

H. R. 5168. An act for the relief of William Henry Diment, Mrs. Mary Ellen Diment, and Mrs. Gladys Everingham;

H. R. 6508. An act to modify the Code of Law for the District of Columbia to provide for a uniform succession in real and personal property in case of intestacy, to abolish dower and curtesy, and to grant unto a surviving spouse a statutory share in the other's real estate at time of death, and for other purposes;

H. R. 8240. An act to authorize certain construction at military installations, and for other purposes;

H. R. 8992. An act to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency, and to make other provisions with respect to the participation of the United States in that Agency, and for other purposes; and

H. J. Res. 339. Joint resolution to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 319. An act to provide for the conveyance to the State of Maine of certain lands located in such State;

S. 527. An act for the relief of Achille Aquino Fu' Giovanni;

S. 807. An act for the relief of Jackson School Township, Ind.;

S. 821. An act to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots;

S. 1031. An act to authorize the Secretary of the Interior to construct, operate, and maintain four units of the Greater Wenatchee project, Wash., and for other purposes;

S. 1086. An act granting the consent and approval of Congress to a Bear River compact, and for related purposes;

S. 1110. An act for the relief of Sono Hoshi;

S. 1113. An act to provide for the conveyance of certain lands of the United States to the city of Gloucester, Mass.;

S. 1118. An act to affiliate the administration and development of the Whitman National Monument, in the State of Washington, by authorizing the acquisition of additional land for the monument, and for other purposes;

S. 1284. An act for the relief of Josef Salamon;

S. 1456. An act for the relief of Refugio Guerrero-Monje;

S. 1467. An act for the relief of Itsumi Kasahara;

S. 1649. An act for the relief of Irene Moskovits;

S. 1660. An act for the relief of Karin Tittel Taylor;

S. 1867. An act for the relief of Hiroko Miyazaki;

S. 1869. An act to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes;

S. 1903. An act to amend section 7 of the Administrative Expenses Act of 1946, as amended, relating to travel expenses of civilian officers and employees assigned to duty posts outside the continental United States;

S. 1929. An act for the relief of Stephen James Meier;

S. 1930. An act for the relief of Todd Gene Biedermann;

S. 1931. An act for the relief of Jon Frederick Cordes;

S. 1993. An act for the relief of Inge Gertraud Pursel;

S. 1996. An act to approve the contract negotiated with the Casper-Alcova Irrigation

Senate

[Senate proceedings continued from p. 13221]

SO-CALLED MUTUAL SECURITY—THE DISTRIBUTION OF THE AMERICAN TAXPAYERS' WEALTH THROUGHOUT THE WORLD THROUGH INFLATION, FREE TRADE, AND CASH—PATTERN OF INTERNATIONAL SOCIALISM

Mr. MALONE. Mr. President, the Mutual Security Act of 1957 did not start, of course, in 1957. It really did not start in 1946, but 1946 was the first open and brazen attack upon the United States Treasury following World War II.

It was then in the form of a so-called loan. Of course, the loan referred to was of the type generally made in a family, when there is no hope or expectancy of repayment.

THE GIFT TO END ALL GIFTS

It was \$3¾ billion, Mr. President, in 1946. That was going to end all gifts and all loans. Everything in Europe was to be perfect from then on. That was the argument. That was the promise and debate on this floor.

The senior Senator from Nevada was not in the Senate at that time, but he read the newspapers very closely, and has since read some of the records. Assurances that this aid would be the last accompanied the arguments for that loan, designed perhaps to break the ice in the United States Senate.

PERPETUAL FOREIGN AID, THE STATE DEPARTMENT PLAN

Mr. President, Mr. Dulles has been a very frank man in all his testimony which I have heard. I am a member of the Senate Committee on Finance, where Mr. Dulles comes to justify his foreign plans when the spending of money is involved. I have heard him testify that foreign aid should be a permanent thing—not only for 1 year, 2 years or 3 years, but permanent. The State Department has never made any secret about that, from the time the senior Senator from Nevada arrived in the Senate Chamber.

A PARAGRAPH THAT COST UNITED STATES TAXPAYERS AN INITIAL \$17 BILLION

In 1947 General Marshall made his famous speech at Harvard, which included a paragraph that we should do something about business conditions in Europe. It has always been the opinion of the Senator from Nevada that General Marshall did not know the paragraph was in his speech. It was a very inoffensive paragraph, but somebody knew it was in the speech. The trans-Atlantic telephone no doubt was working well, and so the Prime Minister of England took that statement on the first bounce, and in 30 days told the United States of America exactly how much it was going to cost, which was \$17 billion for 5 years. That, of course, was supposed to end all help.

The argument was made on the Senate floor in 1948. The Senator from Nevada had his say then, as he is going to have it now. The argument was that we should reestablish the productive capacity of European nations.

DOLLAR CURE PRESCRIBED FOR ALREADY HEALTHY NATIONS

Mr. President, Senators will find in the RECORD at that time a table prepared by the senior Senator from Nevada which showed that the nations which were to get the money were then producing from 92 to 98 percent of their production prior to the war. When the next round came about, whatever it was, the ECA or something else—for they change the name nearly every year, so that the public and the taxpayers can hardly keep up with what is being done—those nations had reached their prewar production, and in many cases had passed it.

BRITAIN ALWAYS TARDY ON LOAN REPAYMENTS

Of course, no one expects any loan to be repaid. As to the loan to England, there has been some interest paid at different times—at opportune times, when it was necessary to have a headline showing that they were paying their debts, but in the meantime we had given them much more money than they had ever repaid or ever did repay in interest.

In 1947, after the distinguished General Marshall made his famous speech at Harvard, the statesmen in London were busily engaged in determining just exactly how much the American taxpayer should pay for the following 5 years. At that time the senior Senator from Nevada was a freshman, and he took occasion to go to Europe, to visit almost every nation on the continent. He did not go over for social purposes. He even went into the Ruhr and visited the coal mines and the steel mills of Germany, as well as the chemical industries in Frankfurt. He went into France and into England, into the steel mills and coal mines, because he thought at that time, in his youth and innocence, that perhaps there was some excuse for loaning some money or in some way helping them get started again.

After reviewing the situation in all of those countries in Europe, and coming back to the United States, the Senator from Nevada formed a pretty definite conclusion. He had some very interesting conversations while making his inspection tour.

HOW BRITAIN SUPERVISED COAL PRODUCTION

England, of course, was supervising the coal production in Europe. All of the propaganda in this country was that England was trying to increase production. They were not trying to increase it; they were trying to decrease it. I could tell some stories about that, but I will tell only one.

After reaching the end of a tunnel, on an inspection trip, watching the production and the loading, I had a conversation with one coal man in the Ruhr, while we were going to a new head, crawling on our hands and knees for a while in a mine wet with water. There was a good 6-foot coal cutter which had been set up, and I was asking the German worker, who talked a little broken English, about the production. I looked at the cutter, which was cutting down the coal. I looked at the 35- or 40-foot shaker, the steel conveyor, taking the coal to a conveyor belt and up to another level, down 300 or 400 yards to the loading chutes, and dropping it in the 35-ton cars, automatically, without anybody touching the coal.

They were running it out to a four-shift elevator, hoisting it to the surface a couple of thousand feet, and coming back in. I said to the man, "This looks pretty good to me. Why do you not open up more faces? That is what we do in the mining country, when we have the room, and you have it here." He said, "We would like to, but the only factory which makes the coal cutters is on the reparations list."

KEY INDUSTRIES OF GERMANY PLACED ON REPARATIONS LIST

That was only one incident. There were 50 incidents like that. The propaganda in the United States was that only 10 percent of the German industry was on the reparations list. But, Mr. President, it was the 10 percent which was like the mainspring out of the watch, that industry could not operate without. That was true in many other instances.

Finally, when they were crowded into a corner, they would laugh and say, "You know you are going to pass that Marshall plan to save your own industry."

That startled me a little, but I still did not believe we were that silly, until I returned and watched the Senate and House. I had to watch them for a couple of years before I knew what was going on.

HOW EUROPE WAS BANKROLLED AFTER WORLD WAR I

Before I continue, let me say that there is 1 advantage of being old enough to have experienced 3 wars. In the First World War I took a battery of field artillery to France and dug into the engineering business after I returned in 1919. This is what I noticed.

The New York bankers loaned the European nations \$8 billion to \$10 billion to buy our goods, believing, of course, that when they distributed those bonds or notes, or whatever they used, among their branch banks throughout the country, or their cooperative banks, or whatever the connections happened to be, the foreign nations would buy the goods, and then pay the debt.

The way that money was handled was this: Foreign nations bought a great deal of American goods, because they had the credit here, and did not actually send the money across, as we are foolish enough to do now.

LOANS TO EUROPE PRELUDE TO DEPRESSION

We did not get any of the money back. There is no time to recount the history of that debacle. It had a sharp hand in producing the catastrophe which happened in 1929, called the depression. The loss was distributed among the bankers of the country, and in the long run many of the banks went broke. That was the foundation of the break, in many cases.

WORLD WAR II ENDS AND THE PATTERN CHANGES; FOREIGN AID BURDEN PUT ON BACKS OF TAX- PAYERS

I will say one thing for the New York bankers. It does not take them long to learn, and they do not forget. After World War II, when we could have cut down production to the size of the market we had, which would have been the smart thing to do, what was done was to start building propaganda.

Mr. Marshall was only one link in the chain.

All of the propaganda was to the effect that we must help foreign countries. So the burden was loaded onto the taxpayers. No bank loaned the money, with a chance of perhaps not selling all the goods. Instead of \$8 billion or \$10 billion, in this case \$70 billion was involved, and, again we never got any of the money back. The burden was placed on the backs of the taxpayers to start with. There was never any question about it.

I have listened to a great deal of debate on the floor of the Senate about stopping world war III, or winning it if it starts, or making friends throughout the world for the American system.

What is the American system? Without going into detail, the American system is being badly bent now. The system is not working very well. I will go into that subject in a few minutes. If we want to make friends for the American system throughout the world, the best thing we can do is to make the American system work; and the way to make the American system work is not to divide the capital, the markets, and the cash of the American taxpayer with every other nation on earth.

CONSTITUTIONALITY OF FOREIGN AID CHALLENGED

There is little question in my mind that the distribution throughout the world of American capital, the money of the taxpayers, is unconstitutional. It has been hung on the excuse of national defense, which is very thin. There has been some criticism of the Supreme Court. I do not intend to join in it, because I think Congress is mostly to blame for the freak laws it passes. But those who wrote the Constitution never intended to divide the capital of the United States of America with foreign nations.

Our excuse, of course, is national defense. What we are doing is dividing our capital with other nations every year. We say we are making friends. Dulles said the other day that he did not care whether we made friends or not; he

wanted to keep other nations from communism. What does he think they have?

NATIONS WE AID ARE AIDING RUSSIA

Almost every nation in Europe is selling directly or indirectly to Russia. They are using our money, our capital, and the goods we are sending them. Everyone knows that. It is not denied.

So, Mr. President, with all the commitments we have made, all the pacts we have signed, we have the most expensive foreign diplomacy on earth. We have bought every pact. We have given money, at random, almost, to support other nations. All they do is to sign their names, which means nothing when the showdown comes. That is when we shall find it out when our money is gone.

Mr. President, what has become of honest diplomacy, of dealing with other nations on a basis of mutual honor and respect, of regulating our trade with them on the time-honored principle of fair and reasonable competition? For that matter, what has become of honest money with which the trade of the world was formerly conducted, gold and silver the value of which could be readily determined in any country by its weight and fineness? When nations deal honestly with one another they deal with honest money and on the basis of fair and reasonable competition.

GRATITUDE RUNS THIN WHEN THE FLOW OF MONEY SLOWS

Today we are like a man at a bar, with his money on the bar. He has been paid off. Men are standing three deep at the bar. After a while he runs out of money, and he looks around, and no one is there. That is what we are riding for.

The history of all agreements is that no nation ever keeps an agreement which becomes obnoxious to it.

The conference report involves an expenditure of \$3,367,083,000. We talk about billions of dollars as we used to discuss thousands of dollars. No one understands what a billion dollars is. All we know, all the Senate knows, all the House knows, and apparently all the White House knows is that all we have to do is to vote more bonds, and we must raise the money to pay the interest.

CARRYING CHARGE ON OUR NATIONAL DEBT GROWS AND GROWS

Finally, the carrying charge on the debt, instead of being \$5 billion or \$6 billion, will be \$15 billion or \$16 billion, and no one cares anything about it.

In 1933 and 1934, when all this started to happen, the foundation was laid. It required \$3½ billion a year to operate the United States Government. At the present time, when we add interest at the increased rate, it costs five times that amount of money for interest on the national debt.

Whom do we find in the foreground in connection with many of these programs, for example, in the organization of the World Bank, called the International Bank? We find Mr. Harry Dexter White. In 1945, after I had been all

over Asia and Alaska and the South Seas as a consultant to the Senate Military Affairs Committee, that committee sent me to San Francisco as an observer.

ALGER HISS, HARRY DEXTER WHITE POLICIES STILL BEING FOLLOWED

What did I observe? I observed Mr. Alger Hiss leading around by the nose some of the finest Members of the Senate I have ever had the pleasure of knowing. We signed an agreement out there with very few votes, and very tight obligations.

Mr. Harry Dexter White organized the International Bank to lend money to anyone who will take American capital abroad, take advantage of our practically free trade, and then bring the low-labor cost foreign manufactured goods back into the United States.

Mr. Hiss spearheaded the organization of the United Nations. Just as Mr. White had great influence in the Treasury Department for many years under Mr. Morgenthau, Mr. Hiss had great influence in the State Department during the same time. One of them is dead, and the other has served a term in a United States prison. Both of them were traitors to this country. We are still following their policies.

INFLATIONARY SPIRAL BEGAN IN 1933

In 1933 we started the inflationary spiral by giving up the gold standard. Everybody knows it, but nobody seems to be in favor of doing anything about it. Therefore, every day from that day forward we have lowered the wages and pensions and insurance benefits in this country through inflation.

In 1934, we passed an act called the Reciprocal Trade Act. That was a wonderful word—reciprocal. It was thought up by the London bankers and sold to the taxpayers of the United States.

What did it do? It transferred the constitutional responsibility of Congress to regulate foreign trade and the national economy to the White House. We did not stop there. We gave full authority, as testified by Mr. Dulles in 1955 before the Committee on Finance, to the President to transfer it to any place in the world under the auspices of any organization he might designate or spearhead.

GATT GIVEN CONSTITUTIONAL POWERS OF CONGRESS IN 1947

In 1947—events are piling up now—the then President spearheaded the organization of the General Agreement on Tariffs and Trade. It is called GATT. Those initials have become rather famous—or infamous—depending on how one wishes to regard them. Those powers were transferred to Geneva. At this moment, Mr. President, 34 foreign competitive nations, under the General Agreement on Tariffs and Trade, regulate our foreign trade and national economy.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MALONE. This is accomplished by GATT through the simple expedient of lowering the duties and tariffs, which have the effect of equalizing the wages of the competitive countries and our country, and the lowering of tariffs continues

under an act passed in 1955 by Congress. In that act we extended the 1934 Trade Agreements Act to June 1958, with permission to lower the duties further by 15 percent, at the rate of 5 percent a year. That is being done today.

**TRADE ACT FORCING UNITED STATES DEPENDENCE
ON FOREIGN NATIONS**

The process I have described started in 1934. In addition to that policy, we have become dependent upon foreign nations. By destroying our industries we have become dependent on foreign nations for critical and strategic minerals and materials, without which we cannot fight a war or live in peace.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MALONE. In 1933 we started the debacle by starting the inflationary spiral. In 1934 we started the free trade which, in turn, started the influx of low labor-cost materials into the United States. In 1947, in accordance with the same act, that authority was transferred to Geneva, where now 34 foreign competitive nations are regulating our foreign trade and national economy.

**AMERICAN INVESTMENT ABROAD SUBSIDIZED BY
TAXPAYERS THROUGH FOUR ORGANIZATIONS**

In addition, Mr. President, we have created four different organizations to encourage American capital to invest abroad.

Organizations such as the Export-Import Bank have been entirely financed by American taxpayers, up to \$5 billion, to encourage the export of American plant and capital to the low-wage foreign nations by means of low interest, long-term loans. This was the testimony of the distinguished former Secretary of the Treasury, Mr. George Humphrey, whom I greatly admire and believe to be one of the greatest men who has ever served in the present cabinet.

He further testified that the International Monetary Fund, the International Bank for Construction and Development, and the International Finance Corporation are all set up with the objective of encouraging American capital to move into foreign, cheap-labor countries, which will not only furnish the markets, but which also will supply low-cost labor products to compete with products produced in this Nation with our higher standards of living, higher wages, and higher cost of doing business. In addition this capital which has gone abroad will escape having to pay American taxes.

What does the pattern lead to? It leads to a simple division of the wealth, the markets, the cash, and the assets of the taxpayers of the United States with the nations of the world.

THE PATTERN OF INTERNATIONAL SOCIALISM

The entire pattern, from the time of the abandonment of the gold standard in 1933, to the passage of the Trade Agreements Act in 1934, to the transfer to Geneva, in 1947, of the constitutional responsibility of Congress to regulate our foreign trade, to the creation of four corporations to encourage American capital to invest in foreign, low-wage standard nations, to the mutual security giveaway program, is to distribute

American markets and American dollars among the low-wage-standard-of-living European and Asiatic nations. It all adds up to international socialism in its worst form.

The United States is the only producing nation in the world today which does not protect its own workingmen and investors by a duty or a tariff or by import and exchange permits, or both.

PROTECTION OF OUR OWN CITIZENS VITAL NEED

Protection of our own citizens will become feasible only when the flexible duty or tariff provided in article I, section 8, of the Constitution is adjusted on imports so as to take the profit out of foreign sweatshop labor at the water's edge. Then the foreign nations will allow their wage standard of living to increase and will create a market within their own borders.

The objective of free trade would be reached automatically when their living standard reached the level of ours, because the duty or tariff could be reduced as their wage standard of living increased, and as they stood on an equal basis. But that would be up to the foreign country.

**WORLD COLONIAL SYSTEM GUARANTEED BY
ATLANTIC PACT ARMS GIVEAWAYS**

We signed the Atlantic Pact, and by so doing we guaranteed the security of the colonial system throughout the world. We are finding it very hard to follow through on. A part of the money which is authorized in the bill which is before the Senate today, added to the \$70 billion or \$75 billion—whichever it is—which we have already given to the foreign nations, will be used for the arms and armies of those nations to preserve their colonial systems. That happened in Indochina. It happened in North Africa. It is now happening in the Middle East, in the oil area, where England is trying desperately to save the only oil area it can now control. According to the news reports this morning, British jet planes finally ran the opposition away, so the British can continue in that area; continue to control it.

FOREIGN AID HYPOCRISY

But that simply goes to show that the things we do here support the things which we deny we are supporting. As a matter of fact, we all know where the money is being used. It is futile to deny it. The money is being used in North Africa, and in the Middle East. There is no end to all this, and we get into it deeper every day.

The cost of this temporary friendship is a division of American wealth with the nations of the world, and we will be standing alone after our wealth is gone.

The nations of Europe are just as helpless as a babe in arms. England and France must have trade. They must trade with China; they must trade with the nations of Europe and Asia. Anyone who is familiar with foreign trade knows that. It is a matter of geographical location; it is not a matter of intent.

Some persons were led by the State Department to believe that by a division of our wealth and by supporting those nations in their geographical locations we could keep them from trading with

the nations surrounding them. Of course, we would believe no such thing if we were to stop to think for just a minute.

**UNITED STATES FIRST GAVE JAPAN BILLIONS;
NOW SHARING WITH HER OUR TRADE**

We have given Japan billions of dollars. We have divided our trade with Japan—the textile trade, the optical instrument trade, and trade in many other fields.

We said we would keep Japan from trading with China, with Manchuria, and with other areas controlled by the Communists.

Mr. President, that is the silliest thing on earth. It seems almost impossible that anyone would make a remark of that kind. But we made a treaty a few years ago, and some distinguished Senators flew to San Francisco to have their pictures taken with the great Secretary of State signing the treaty with Japan. That treaty provided that Japan was not to trade with Red China; she was to trade with us.

**IMPORTS FROM JAPAN DAMAGING AMERICAN
INDUSTRIES**

How would Japan trade with us? By displacing our American workingmen and investors. That is the only way in which Japan could trade with us.

So at the moment our textile factories are closing down. Our optical instrument industry is in danger. Our sewing machine manufacturers are in danger. The manufacturers of dozens of other products are in danger. Why? Because we in the United States pay \$1.75 to \$2 an hour to our labor, while Japanese labor is paid from 13 cents to 15 cents an hour.

**FOUR AGENCIES ENCOURAGING AMERICAN IN-
VESTMENT IN JAPAN WITH AMERICAN MARKET
THEIR TARGET**

We have four great organizations, one totally financed by ourselves, up to \$5 billion—the Export-Import Bank. All of them have the same purpose; namely, to encourage American investors to go to Japan and buy into Japanese industries and to use American machinery to produce products with low-cost labor, and then to bring the products back to the United States.

The other three organizations I mentioned, besides the Export-Import Bank, were financed up to 35 percent. That was the testimony of the former Secretary of the Treasury.

At the moment, not an industry which is being established in Japan with American capital can survive in America. It has no chance on earth. At the moment, the Japanese are negotiating with both China and Russia, and with other nations in the area. They must do that in order to survive.

**STATE DEPARTMENT NEEDS AN INDUSTRIAL
ENGINEER**

Any industrial engineer could tell us that what the State Department needs, apparently, is an industrial engineer; someone who could be asked how a nation must conduct itself in order to live and to feed its people, or to make it so that they can feed themselves in a particular area. All that such an industrial engineer would have to be told would be where the country is located,

the production, the consumption, and the surrounding nations. He would then be able to say with whom that nation would trade.

Our representatives would sign anything. When they came back to the floor of the Senate a few years ago with that great treaty, which was a treaty to end all trade by Japan with Communist nations, the senior Senator from Nevada took the floor for about 30 minutes.

SENATOR RECALLS HIS OPPOSITION TO
JAPANESE TREATY

If anyone is interested in knowing exactly what I said at that time, let me say it has been reprinted, and copies are available. Mr. President, everything I predicted at that time has happened. Of course, it had to happen; there was no other possibility.

Again, I emphasize that we are not content with inflation, which normally lowers fixed duties to the extent of the inflation. We are not content with passing a 1934 Trade Agreements Act giving the State Department 50 percent leeway in the case of lowering duties, and then several years later allowing another 50 percent leeway, making a total of 75 percent. In addition, in 1955 the Congress passed an act extending the 1934 Trade Agreements Act for 3 years—to June 30, 1958—and allowing a further 15 percent reduction—with the 34 competitive foreign nations doing the job, and laughing at us, at Geneva.

MEETING WITH GATT CHIEF AT GENEVA
RECOUNTED

Mr. President, when I was on my way to Russia, in 1955, I stopped at Geneva. The meeting there happened to be the first meeting that the top scientific experts of all those countries had ever had. I was in the room there, at the first meeting those atomic-energy engineers and experts ever had.

Later, when I was in Russia, I went to see the atomic energy reactor, near Moscow. There I met the man I had seen in the room at Geneva.

But my purpose in going to Geneva was to meet the head, or the secretary, of the General Agreements on Trade and Tariffs—the organization which is dominating our foreign trade and is dividing the markets of the United States among the 34 member nations.

I found him to be a very delightful British subject. I was not surprised at that, because, Mr. President, I want you to know that Russia may not be the most dangerous nation to the United States of America. We can whip Russia. We know it, and Russia knows it. But it is a little tough for us to whip a nation which has a representative on our Cabinet. In my opinion, in our Cabinet the Secretary of State does not move without telephoning London. That is where the things I have enumerated here today have come from—not from Russia.

Mr. President, where did the Iron Curtain come from?

The Iron Curtain was manufactured in Missouri, where Mr. Churchill made a speech for Mr. Truman. When I went to Czechoslovakia, and then to Austria and Hungary, I took pictures of the Iron Curtain. It is there, all right. It had a name. We mouth these catchwords

and phrases which are invented for us, and we pass bills in support of them.

THE MANUFACTURED DOLLAR SHORTAGE

For instance, consider the dollar shortage. Mr. President, why define a dollar shortage? A 7-year-old school-child knows that there is only one way for an individual to have a dollar shortage, and that is when he spends more than he earns. In that event, he is "broke" when his bank will no longer make loans to him.

On the other hand, a nation can have a dollar shortage in two ways: either by spending more than it earns—which all the other nations do, today, because they know the United States will pick up the check; or, second—and this is the most destructive way, in the long run—by fixing a value on its own money, a value, in terms of the dollar, that is higher than the market price—with the result that no one will take its currency at that price except the silly Congress of the United States.

Mr. President, that is what these countries do. I could go into detail in the case of almost every nation on the face of the earth, because I have visited all the principal foreign nations, and not for social purposes. I visited them to observe their industries and to see what their workingmen were eating and what they were being paid and how they did their work and how they approached their work.

CURRENCIES JUGGLED TO FLEECE UNCLE SAM

Mr. President, when these countries manipulate their currencies, in terms of the dollar, they do so in order to take advantage of the United States and to get our cash, in order to meet their dollar shortage. Then what happens? The Congress of the United States picks up the check. But, Mr. President, what will happen when Uncle Sam goes broke? The only trouble then will be that Uncle Sam has no "uncle"; and that time is not far away.

BRITISH POUND GIVEN ARTIFICIAL VALUE

When I was in Hong Kong, in 1948, my purpose was to find out what was the real value of the British pound. I traveled to the other countries I visited in order to find out the real value of their currencies, as well. However, for the moment let us confine our attention to the British pound.

When I was in Hong Kong, one could go to a bank window and could lay down a silver United States dollar, and could get, in exchange, 6 Hong Kong silver dollars. Then one could walk to another bank window—and, Mr. President, this is not the first time I have stated this matter on the floor of the Senate, but I do not expect anyone to pay any more attention now than was paid before—and could lay down a silver United States dollar, and could in exchange get 16½ Hong Kong silver dollars. As a result, what was the British pound worth? It was worth \$2.60, which is what it cost.

No one in New York—no importer I knew, no one trading in world affairs that I knew, no one who had any sense—was paying any more than that for the British pound. The only one who was paying any more for it was the United

States Congress, which still is paying \$4.03 for the British pound.

EUROPE'S TRADE AND TRADE WARS FINANCED BY
UNITED STATES FOR 40 YEARS

Mr. President, for 40 years we have been financing old Europe's trade and trade wars, through foreign aid. As a result, we have the biggest national debt of any country in the world—larger than that of all other nations put together.

As a result, more nations are imposing against us barriers in one form or another—high tariffs, restrictive exchange controls, or import licenses and skimpy quotas—than at any time in history.

As a result, we are more disliked, dishonored, or detested by the people in the 84 countries we have aided than we have ever been before.

There have been 4 periods of billion-dollar foreign aid in the past 40 years, and each period has added to our public debt, and to the trade barriers and ill will against us.

We financed our allies in World War I.

We financed both our former allies and former enemies after World War I.

We financed Germany in her preparations for World War II.

We financed our allies in World War II.

We have financed both our former allies and former enemies since World War II.

We are financing allies, enemies, neutrals, and nobodies now, and will continue to finance them for years to come, if this bill is enacted.

RESPONSIBILITY FOR PERPETUAL FOREIGN AID
PLACED ON CONGRESS

Congress alone is responsible for it all. No Member of the Senate, no Member of the House of Representatives, can blame it on the White House and can say correctly that the President recommended that we do this, because nowhere in the Constitution of the United States can one find that the Congress of the United States shall be guided by anything except the consciences of the Members of the Senate and the consciences of the Members of the House of Representatives.

INTERNATIONAL WPA FATTENED BY CONGRESS

It is Congress that is compelling our taxpayers to finance foreign nations around the world in their eternal conflicts, hot and cold.

It is Congress that set up this international WPA that has cost our taxpayers \$120 billion and created a \$280 billion Federal debt.

Forty years ago, before we embarked on three world wars and, between wars, global giving, this country was the least debt ridden and tax ridden of all the nations.

Today we are the most debt ridden and tax ridden. Congress is responsible.

Mr. President, there are—or were—three distinct departments in this Government, and Congress according to the Constitution, heads the list. Whether it actually does or not is another matter. The Executive comes next.

Congress is to make the laws, to pass the laws, not to pick up the telephone and ask, "What do you want?" Issues

are to be debated on the floor of Congress. The Executive is to enforce the laws that Congress enacts and administer those laws. That is its sole job.

WHY THE SUPREME COURT IS NOW WRITING
OUR LAWS

The Supreme Court, the judiciary, the third branch, and the third on the totem pole in the Constitution of the United States, is to interpret those laws when they come before it, both as to constitutionality and as to an interpretation of the meaning of the laws. It is not its function to write the laws of the country. Only because the Congress of the United States has been stumbling in the last 24 years is the Supreme Court writing the laws. Congress can blame itself, not the Supreme Court, not the Executive. It is silly to blame anybody else.

NATIONAL DEBT EXCEEDS COMBINED DEBT OF ALL
OTHER NATIONS IN THE WORLD

Several months ago the New York Daily News Bureau in Washington compiled a list of the Federal debts of all the principal nations in the world, 26 of them excluding the United States.

The total debts of all these nations came to \$153,738,000,000.

The United States debt at that time was \$280,800,000,000. It varies from day to day.

Yet we are being asked here today to vote more billions to nations with federal debts only a fraction of our own, or whose debts are negligible.

Whom were we elected to serve, foreign taxpayers or our own constituents? The senior Senator from Nevada prefers to vote in the interest of our own taxpayers.

FOREIGN AID TOO ONEROUS A BURDEN FOR UNITED
STATES TAXPAYERS TO HAVE TO SHARE

Mr. President, even if it were a good idea to distribute the wealth, we do not have it to distribute. There are many things an individual would like to do in his community. He sees poor people, those whose children do no have satisfactory clothes with which to go to school. What does he do? He pays his taxes, contributes to the Red Cross, and does everything else that is the custom in the community. What would happen if he sold his home and business and gave everybody in the community \$2? Then everybody would be broke. That is what we are doing.

Our taxpayers do not have the money. Ninety percent of the taxpayers in my State of Nevada—and I believe it is true of the rest of the country—are either paying their taxes on the installment plan or going to the bank to borrow money to pay them. That is the fault of Congress.

I take part of the blame for that, because of my inability to stop it. We sit here. All we have to do is grant foreign aid every year. One time when I was working my way through school and I was doing surveying on the open range with someone else, I observed that we could buy out a homesteader or someone else near a water hole. My companion said, "I wouldn't mind buying them if they stayed bought, but their brother comes along the next year and buys them up. They don't stay bought."

There was a world of wisdom in that remark.

NATIONAL DEBT OF FOREIGN NATIONS LISTED

Mr. President, I ask unanimous consent to have printed in the RECORD the list of nations and their national debts, arranged in alphabetical order, published in the New York Daily News, to which I have previously referred.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Here's a laboriously worked out table showing the debts of the important nations of the world as translated into American dollars and presented in millions:

United States.....	280,800
Australia.....	2,930
Belgium-Luxembourg.....	6,378
Brazil.....	1,037
Burma.....	140
Canada.....	14,546
Chile.....	74
Colombia.....	281
Denmark.....	1,306
France.....	16,229
Germany.....	5,024
Greece.....	295
India.....	6,408
Israel.....	506
Italy.....	7,233
Japan.....	2,601
Mexico.....	300
Netherlands.....	5,423
Norway.....	1,726
Pakistan.....	681
Philippines.....	452
Portugal.....	486
Sweden.....	2,803
Thailand.....	353
Turkey.....	1,158
United Kingdom.....	74,200
Venezuela.....	10

This total does not include those minor nations of the world whose trivial debts (in current money talk) are in the millions—not billions. In the last 12 months of prosperity, we've run our debts up by another mere \$5 billion.

Mr. MALONE. Mr. President, one of the fictions of the foreign aid promoters, including those in the administration, is that we are buying trade, good will, and friendship with our foreign aid billions.

In the foreign trade field how successful have we been? The June 10, 1957 issue of Foreign Commerce Weekly, published by the Department of Commerce, gives one answer.

COMMERCE DEPARTMENT PROMOTING EXPORT OF
AMERICAN WEALTH TO LOW-WAGE FOREIGN
COUNTRIES

Mr. President, I digress to say that the Department of Commerce, one of the executive departments, is devoting a good deal of time getting American citizens to invest money abroad so that they may take advantage of the low cost of foreign production, and so that those goods can be exported to this country to compete with goods produced here under our higher standard of living. That is the business of the Department. I am not trying to direct the Department of Commerce, but I should like to call attention to what it is doing.

The Foreign Commerce Weekly lists 95 trading countries and dependencies which make their own import and exchange regulations, and arranges them in 3 categories, those which require import licenses and/or exchange permits,

those which require them on some imports and do not require them on others, and those that do not require them at all.

Those which require import licenses on some goods but not on others are listed as "No, except for," and so on.

Sixty-five nations definitely require import licenses without qualification; 23 others require them on some commodities; and only 7 do not require them at all.

HOW OTHER COUNTRIES ERECT TRADE BARRIERS
AGAINST AMERICAN PRODUCTS

As the Department of Commerce puts it:

Many countries do not permit foreign goods to be imported unless they are covered by import licenses, which must be obtained by the importer. In some cases an import license must be granted before the order for goods is placed and some countries also require the importer to obtain an exchange permit before he may make payment for the import.

United States exporters, the Department continues, therefore are urged to make certain before shipping that the foreign importer has obtained the required permit, and they should insist on being furnished the identifying number or symbol of the permit.

There is no problem about import licenses, the International Cooperation Administration informs me, when foreign nations are getting their imports free; that is, when the products entering their country are being paid for by the American taxpayer. But, of course, there is a very great problem for the American producer who exports through commercial channels, as can be seen.

SYSTEM PROMOTES INTERNATIONAL SOCIALISM

Any government can deny an import license for his product, or a permit to enable him to be paid, and any government which operates under such a system, as nearly all of them do, can exert absolute control over their import trade.

They can, if they choose, admit only American goods that they get for free through ICA, thus excluding the American free enterpriser entirely.

ICA is promoting international socialism; and has achieved remarkable success in its promotion.

Mr. President, going through the hearings on the bill now before us, I note that the chairman on one occasion brought up the question of tariffs, while examining an ICA witness.

FOREIGN AIDERS IGNORE FOREIGN TRADE BARRIERS

The chairman, the Senator from Rhode Island [Mr. GREEN], was questioning G. Douglas Dillon, Deputy Under Secretary of State for Economic Affairs, about the proposed multimillion dollar development fund for foreign countries.

The chairman said:

There is a question that I would like to ask, which is fundamental. You have said those administering the fund would take into account the broad foreign policy interests of the United States.

I wonder if that applies to tariffs.

In other words, would you lend money to a factory making a product, say woolen goods, cotton goods, jewelry, or farm products? Would, in making the loan, consideration be taken of the fact that in some cases we have tariffs on those products, or in some cases have not. Would an element in making a

decision be the effect on our country of the way the money is spent?

Mr. DILLON. I would think that we would take everything of that nature into account.

The CHAIRMAN. Is there anything anywhere to intimate that that should be taken into consideration?

Mr. DILLON. I don't think there is; no, sir.

Of course, there is not. The State Department has not been interested in safeguarding American free enterprise in 20 years.

It has only been interested in furthering international socialism.

No mention whatever was made during the hearings of other drastic foreign trade barriers, of quotas, import licenses, or exchange permits.

ALL FOREIGN NATIONS CONTROL IMPORTS

Mr. President, I have been in every nation. As I said before, I did not go there for social purposes. I wanted to learn how they handled their imports, exports, and money exchange systems, and how they controlled them. They all do control them. If an American wanted to export a product to one of those countries, what would he have to do? He would have to go to an official of the country to which he wished to export the product. That official would look much the same as our officials do. When the officials do not want certain imports to enter their country, they put off from day to day the one trying to send his goods into that country. "Manana" is good enough for them, and the person never gets an import license.

MECHANICS OF FOREIGN TRADE RESTRICTIONS EXPLAINED

If the subject gets hot enough and the officials think it is a good idea to have the product imported into their country, they issue an import license. Then the person has to have an exchange permit. What is that? He goes to the proper government official and offers dollars to secure the exchange for the goods. They have to be paid for in that nation's money. Then one is put off again. If the country does not want the goods,

one never is successful. If one finally does accomplish the result, Mr. President, it will be at such a rate of exchange that the profit is taken out of the transaction.

Mr. President, in 1955, I think it was, I was in Bolivia. All South American nations operate about the same. There are only about two exceptions in the world, in addition to the United States.

EXCHANGE FOR FOREIGN CURRENCY COMPULSORY IN MOST NATIONS

If you get a dollar in your hands, or a pound, or some other foreign currency while in the country, there is a law or a ruling which says you must exchange it. The legislature of the country does not need to act, in many cases. That matter can be handled by the dictator, the president, the king, or whoever it is. We are fast approaching that stage, so that it will not be necessary for Congress to pass certain legislation or to attempt to control the monetary system, because the Federal Reserve knows best, and the 34 competitive nations in Europe know best what we ought to import. So why should Congress have anything to do with it?

I suppose we are patterning ourselves after those countries. They do not have to go through their legislative units in most cases.

What they would do in Bolivia, for example, is this: When they have a ruling or the law, within 30 or 60 days after one gets a dollar or a pound, he must turn it in to the central bank and take a number of bolivianos for the dollar that they officially fix for the rate of exchange.

THE BOLIVIAN EXCHANGE SYSTEM

At that moment, in 1955, if one secured a dollar in trade in 30 days he would become an outlaw if he did not turn it in. If he turned it in, he would be given 500 Bolivianos for it. On the street, the dollar worth 1,700 Bolivianos. They stole two-thirds of the value the first go-round. There is not much of a profit for importing goods on that basis into Bolivia. There was not at that time.

On the other hand, if they wanted the

goods imported, if the goods were something they did not produce, then the exchange would be made in a fair method, and the goods could be imported.

In the United States, we allow them to import and put our own people on the street. We are living on a war economy. We all should know that, without it being necessary to explain it.

FOREIGN IMPORT AND EXCHANGE RESTRICTIONS LISTED

Mr. President, I ask unanimous consent to have printed in the record at this point in my remarks the compilation made by the Department of Commerce of countries requiring import licenses and exchange permits, as published in the Foreign Commerce Weekly of June 10, 1957.

There being no objection, the compilation was ordered to be printed in the RECORD, as follows:

SUMMARY OF FOREIGN CONTROL REGULATIONS APPLYING TO IMPORTS FROM THE UNITED STATES

The following tabulation of the import and exchange permit requirements of foreign countries, prepared by the Bureau of Foreign Commerce as an aid to exporters, has been revised as of May 21, 1957.

These regulations apply primarily to goods of United States origin and to other goods payable in United States dollars.

Many countries do not permit foreign goods to be imported unless they are covered by import licenses, which must be obtained by the importer. In some cases an import license must be granted before the order for goods is placed, and some countries also require the importer to obtain an exchange permit before he may make payment for the import.

United States exporters therefore are urged to make certain before shipping that the foreign importer has obtained the required permit, and they should insist on being furnished the identifying number or symbol of the permit.

More detailed information on licensing and exchange controls may be obtained from the field offices of the United States Department of Commerce. Publications covering licensing and exchange controls of individual countries also are available from the field offices at a nominal charge.

Country	Is import license necessary?	Is exchange permit required?
Afghanistan.....	No; but a declaration or customs permit must be obtained from Afghan border officials or trade agents abroad.	No; but permission to remit foreign exchange to exporters abroad must be obtained from the Government Bank.
Arabian Peninsula areas:		
Saudi Arabia.....	Yes.....	No.
Aden, Bahrein, Qatar, Trucial Oman.....	Yes.....	Yes.
Muscat and Oman, Yemen.....	No.....	No.
Argentina.....	No; except for certain products subject to import quota.	Yes, for goods contained in lists of imports granted official rate of exchange. No, for goods contained in free-market lists.
Australia.....	Yes.....	No; import license carries right to foreign exchange.
Austria.....	Yes; except for specially exempted items.....	Yes, but cannot be refused for items on dollar-import free list.
Belgium-Luxembourg.....	Yes; but automatically granted for most commodities.....	No separate permit required.
Belgian Congo.....	Yes; combination import license and exchange authorization is required for all imports except shipments valued at \$100 or less, provided the goods are not intended for resale. License is usually granted as formality.	Yes.
Bolivia.....	No.....	No.
Brazil.....	Yes.....	No; exchange for most imports is sold at auction.
British colonies not specified elsewhere ¹	Yes.....	Yes; import license generally assures release of foreign exchange.
Bulgaria.....	do.....	Import license automatically assures foreign exchange.
Burma.....	Yes; except for Government imports.....	Yes.
Cambodia.....	Yes.....	Yes; import license carries right to foreign exchange.
Canada.....	No; except for a few commodities.....	No.
Ceylon.....	Yes; unless the commodity is under open general license.	Yes.
Chile.....	No; but items permitted import are listed, and items not on the list are prohibited import. Importers of merchandise permitted import must place a deposit with the Central Bank, and the foreign exporter must present a copy of the deposit certificate to a Chilean consulate.	No.

Footnote at end of table.

Country	Is import license necessary?	Is exchange permit required?
Colombia.....	All imports require prior import license, called import registration certificate, which is issued without quota upon payment of a stamp tax. In addition, certain food products and chemical and pharmaceutical products require permits from appropriate Government ministries. Many items considered nonessential are prohibited import. Spare parts for agricultural machinery and for roadbuilding and maintenance equipment may be imported at a reduced stamp tax rate with prior approval of the Caja Agraria.	Payment for imports requires exchange registration (registro), which normally is granted upon submission of the import registration and evidence (customs manifests) that the goods have entered the country.
Costa Rica.....	No; except for live animals.	Yes, for imports with official exchange. No permit required for imports with free market exchange.
Cuba.....	No; except for wheat and wheat flour, rice, tires and tubes, red and pink beans, potatoes, condensed milk, and butter. Imports of butter, cheese, powdered skim milk, and cream or fats obtained from milk are subject to special requirements involving registration of purchase contracts and prior authorization for customs clearance.	No.
Czechoslovakia.....	Yes	Import license automatically provides for allocation of necessary foreign exchange.
Denmark.....	Yes; but no license required for dollar goods on extensive general free list.	Yes; copy of license or importer's declaration with customs certification of import takes place of exchange license.
Dominican Republic.....	No; except for wheat and wheat flour, rice, fertilizer, radio transmission apparatus, air-conditioning units, treated wood posts, barbed wire, wire staples, fruit, vegetables, seed, tubers, empty bags and sacks, lard and rendered pork fat, and confectionery and other edible products in which sugar or chocolate constitutes the principal ingredient.	No; but all applications for foreign exchange require Government approval, which is granted automatically for bona fide commercial transactions.
Ecuador.....	Yes; 1 copy must be presented to obtain consular legalization of prescribed documents. Many items considered nonessential are prohibited import. Import quotas are imposed on certain items to stimulate local production.	No; import license carries right to foreign exchange.
Egypt.....	Yes; unlicensed imports are subject to confiscation.	Yes.
El Salvador.....	No; except for a few items such as chemical and pharmaceutical products, strong liquors, essences for making liquor, and cotton.	No.
Ethiopia.....	No	Yes.
Finland.....	Yes	No separate permit required: import license carries right to foreign exchange.
France.....	Yes; with a few exceptions.	No separate permit required: import license carries right to foreign exchange.
French oversea territories not elsewhere specified, except French Somaliland.	Yes	Yes; import license carries right to foreign exchange.
French Somaliland.....	No	No.
Germany, Federal Republic, including Western Berlin.....	Yes; except for items on dollar import free list. At present over 90 percent of imports except state-traded goods are liberalized for the dollar area.	Yes; import and payments license combined in 1 document.
Germany, Soviet zone, including Soviet sector of Berlin.....	Yes; Government monopolies for foreign trade are the only importers.	Yes.
Greece.....	No; except for certain machinery and a few luxury items.	No; but applications for foreign exchange must be registered with the authorities; for imports financed by International Cooperation Administration procurement authorization, Bank of Greece approval is required.
Ghana.....	Yes	Yes; import license generally assures release of foreign exchange.
Guatemala.....	No; except for wheat and wheat flour, strongboxes, certain safety vault doors, cement, and Salk polio vaccine.	No.
Haiti.....	No; except for wheat-quota imports and tobacco products.	No.
Honduras.....	No; except for firearms, gunpowder, munitions, explosives, alcohol, narcotics and pharmaceutical specialties, and live animals.	No.
Hong Kong.....	Yes; for dutiable, strategic, or short-supply goods.	No; except for few transactions financed at official rate of exchange.
Hungary.....	Yes	Yes.
Iceland.....	Yes; except for items on "special conditional free list" and a limited number of staples.	Yes; except for "special conditional free list" imports.
India.....	Yes; unless the commodity is under open general license.	Yes; however, foreign exchange is automatically released upon presentation of validated import license to exchange bank.
Indonesia.....	Yes	No separate permit required; combined import license-foreign exchange permit necessary.
Iran.....	Yes; but only to release goods from customs.	Yes.
Iraq.....	Yes	Yes; permits are obtained through licensed dealers, unless specifically authorized by National Bank.
Ireland.....	For a few products only	Yes.
Israel.....	Yes	Yes, import license carries authority (an exchange permit) to obtain foreign exchange.
Italy.....	Yes; from Italian Exchange Office except for list A goods—mostly industrial raw materials and certain types of machines.	No separate permit required.
Japan.....	Yes	Some commodities, announced by Japanese Government from time to time, require allocation certificate; for others, import license carries right to foreign exchange.
Jordan.....	Yes; except for imports from nearby Arab states.	Yes.
Korea, Republic of.....	No. A limited number of commodities require approval from certain Government agencies.	No. Items on Government's ordinary (essential) import list may be imported with foreign exchange deposited in an import account in the Bank of Korea, purchased from the bank, or purchased at Government dollar sales. Items on the special (less essential) list are importable only with exchange earned from exports.
Kuwait.....	No; except for firearms, munitions, poisonous substances, pork, pork products, and alcoholic beverages.	No.
Laos.....	Yes	Yes; import license carries right to foreign exchange.
Lebanon.....	Yes	No.
Liberia.....	No; except for arms, ammunition, used clothing, pharmaceuticals, and rice.	No.
Libya.....	Yes	Yes; exchange permit issued automatically if import license has been issued.
Malaya, Federation of ¹	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import non-sterling-area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes; for direct imports. For imports from hard-currency areas via Hong Kong no permit is necessary but payment must be made in a sterling-area currency and shipment effected on a bill of lading issued in Hong Kong.
Mexico.....	Yes; for an extensive list of articles.	No.

Footnote at end of table.

Country	Is import license necessary?	Is exchange permit required?
Morocco (the 3 former zones of Morocco were united in 1956, but the regulations of each continue pending development of a unified system): Former French Zone.....	Yes, with exception of goods imported sans devise, i. e., shipments financed by importer with his own funds held abroad. A temporary import-quota system requiring special permits for import of used clothing, certain textiles, readymade men's garments, and electric cable and wire, established in March 1955, covers all such imports regardless of means of financing or country of origin and includes imports sans devise.	Yes; except for goods imported sans devise.
Former Spanish Zone.....	Yes.....	Yes; import license carries right to foreign exchange.
Tangier (former International Zone).....	No.....	No.
Netherlands.....	Yes; but automatically granted for most commodities.....	No separate permit required.
Netherlands West Indies.....	No; except for certain luxury items.....	Yes.
New Zealand.....	Yes; except for some commodities on world exemption list.	No; import license carries right to foreign exchange.
Nicaragua.....	Yes.....	No; import permit authorizes purchase of exchange.
Norway.....	Yes; but issued automatically for wide range of products.	No; foreign exchange is automatically made available in currency specified in import license.
Pakistan.....	Yes.....	Yes; however, foreign exchange is automatically released upon presentation of validated import license to exchange bank.
Panama.....	No; except for lettuce, potatoes, copra, hatching eggs, powdered and evaporated milk, tomato paste, sauce, and canned tomatoes, baby chicks, and salt. A few agricultural items are subject to quota restrictions and some are prohibited import.	No.
Paraguay.....	No.....	Yes; exchange permit serves also as import license.
Peru.....	No; except for plants, roots, seeds, cuttings, animals, medicinal cigarettes, explosives, firearms and other weapons, alcoholic beverages, salt, tobacco, chemical and pharmaceutical products, matches, hatching eggs, and duplicating machines. Prior authorization also is required for import of automobiles to be brought into the country outside the quota established for import of automobiles.	No.
Philippines, Republic of.....	No.....	No permit as such; exchange generally allocated to importers semiannually for 1 or more of 5 classes of imports. A certain number of decontrolled commodities may be imported without quota limitations. Letter of credit opened against allocation considered as exchange license.
Poland.....	Yes.....	Yes.
Portugal, including the Azores and Madelra.....	Yes; but granted automatically for certain items.....	Do.
Portuguese colonies.....	Yes.....	Yes; in Angola, however, import license carries with it authorization to obtain foreign exchange needed for payment of goods to which license pertains.
Rhodesia and Nyasaland, Federation of.....	Yes; some items are limited by quota; many are prohibited entirely, and other goods not prohibited or under quota are liberally licensed.	Yes; import license carries right to foreign exchange.
Rumania.....	Yes.....	Yes.
Singapore ¹	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import non-sterling-area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes, for direct imports. For imports from hard-currency areas via Hong Kong no permit is necessary, but payment must be made in a sterling-area currency and shipment effected on a bill of lading issued in Hong Kong.
Spain, including the Canary Islands.....	Yes; obtainable mainly for essential raw materials.....	Yes; special exchange rates fixed for many import products.
Spanish Africa.....	Yes.....	Yes; import license carries right to foreign exchange.
Sudan.....	Yes for hard-currency imports.....	Yes.
Surinam.....	Yes.....	No; import license carries right to foreign exchange.
Sweden.....	No, for most goods imported from the United States import license still required for such commodities as automobiles, coal, and certain agricultural products.	No separate permit required. Foreign exchange, including dollar exchange, is automatically made available if import license specifies payment in such currency and if license is registered with a foreign-exchange bank within 2 months after issuance.
Switzerland.....	Import license required for certain agricultural products and some types of vehicles and machinery. Also, special import authorizations must be obtained for most animals and fowl, shellfish, bees, beeswax, and honeycomb.	No.
Syria.....	Yes.....	No.
Taiwan (Formosa).....	Yes.....	No.
Thailand.....	No except for 23 categories of specified goods.....	No; but a "certificate of payment" issued by Bank of Thailand or authorized bank for company is required.
Turkey.....	Yes.....	1 application suffices for both import permit and exchange-control purposes.
Union of South Africa, including Southwest Africa, Basutoland, Bechuanaland, and Swaziland.	Yes, for most goods. Import licenses are issued to importers on basis of periodic exchange quotas established by Government. Special licensing restrictions apply to certain nonessential items; recent trend has been toward liberalization of such restrictions and outright decontrol of many consumer goods and industrial raw materials.	No; import license carries right to foreign exchange up to amount expressed in local currency in relevant import license.
United Kingdom.....	Yes; except some foodstuffs, raw materials, fertilizers, etc.	Yes; granted automatically following issuance of import license.
Uruguay.....	Yes.....	No; import license carries right to foreign exchange.
U. S. S. R.....	Yes; importing Government agencies are responsible for securing own permit.	Yes; all exchange is allocated by U. S. S. R. State Bank upon receipt of import license.
Venezuela.....	No; except for approximately 25 tariff items.....	No.
Vietnam.....	Yes.....	Yes; import license carries right to foreign exchange.
Yugoslavia.....	No; individual import license abolished July 1, 1952; since that time only licensed import firms are permitted to carry on import operations.	No; but Government maintains strict control over foreign exchange allocations.

¹ Includes Bermuda, British West Indies, British East Africa, Gambia, Nigeria, Sierra Leone, British Honduras, and minor colonies, protectorates, and trusteeship

territories. For British Borneo—Brunei, North Borneo, and Sarawak—the regulations are the same as for Singapore and the Federation of Malaya.

NATIONS WHICH BAR AMERICAN GOODS RECEIVE HUGE FOREIGN AID GRANTS, MANY NATIONS BARRING AMERICAN GOODS HAVE RECEIVED FOREIGN AID OVER A PERIOD OF 40 YEARS

Mr. MALONE. Mr. President, among these countries imposing drastic and rigid trade barriers against American products are countries we have been squandering taxpayer's dollars on for 40 years.

During World War I we financed Great Britain, France, Italy, Russia, Belgium and Serbia. Our loans to these nations were made with proceeds from Liberty Bond sales, not from taxes.

The United States, in effect, "Borrowed" \$10 billion from its citizens through the device of selling them bonds which later depreciated.

Congress stipulated that proceeds of these sales should go only to Allies and only for the duration of the war.

WORLD WAR I FOREIGN AID TOTALED

When the war ended \$7,296,000,000 had been advanced, and under the letter and intent of the Liberty Loan Act that is where they should have stopped. Instead, under pressure of our foreign debtors, particularly Great Britain, another \$2,170,000,000 was sent abroad.

I might invite attention to the fact, Mr. President, that since I am referring to 1919 or 1920, \$1 was worth approximately 4 or 5 of the ones that are floating around currently, so instead of \$10 billion, we are talking about \$40 billion or \$50 billion in present currency.

FOREIGN AID

This was nothing more or less than peacetime foreign aid, and aid from Liberty-bond sales did not stop going to Europe until September, 1920. Some of the money went also to Germany and Austria contrary to provisions of the act.

Of the more than two billion dollars thus illegally disbursed after World War I, Harvey E. Fisk in "The Inter-Ally Debts" states:

It is unquestionably a fact that millions of dollars' worth of products purchased with United States money loaned to foreign governments were sent directly to Germany with our sanction. It is also true that large quantities of supplies for relief of other distressed peoples were bought with Liberty Loan money, while millions of dollars were lent to Great Britain after hostilities had ceased to enable her to build up her trade.

Mr. President, may we have order?

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from Nevada requests order. Senators who desire to converse will please retire from the Chamber, at the request of the Senator from Nevada.

The Senator from Nevada is recognized.

Mr. MALONE. I understood the Chair was requesting that there be order. Would the Chair take that responsibility?

The PRESIDING OFFICER. The Chair is prepared to take the responsibility. In the opinion of the Chair, the Senate is in order.

Mr. MALONE. I thank the Chair.

FOREIGN-AID FUNDS USED BY BRITAIN TO PAY BACK LOANS TO WALL STREET BANKS

Britain also used Liberty Loan money to pay back \$648 million borrowed from New York banks, and \$1,872,000,000 to pay back loans she had made with foreign governments other than the United States.

Britain did not pay back the United States, but foreign aid continued.

When Germany could not pay her reparations to Britain and France and Britain would not pay their debt to the United States, two plans—the Dawes and Young plans—were contrived to extend foreign aid to Germany. With this money Germany was to pay reparations to her former European adversaries, who were, in turn, to pay similar amounts on their war debts to the United States.

The United States advanced Germany \$2,475,000,000. Germany paid this and her own money to the Allies in the sum of \$4,470,000,000. The Allies paid \$2,616,000,000 on their war debt. Thus Uncle Sam paid half of Germany's reparations, and the Allies made nearly \$2 billion profit on the deal, which was not unusual.

Not long after that our ever-loving allies stopped paying anything on their debt to the United States.

WORLD WAR I DEBT OF FOREIGN COUNTRIES NOW ALMOST \$18 BILLION

Principal and interest on the World War I debt, as of June 30, 1956, stood at \$17,882,359,850.18, according to the last annual report of the Secretary of the Treasury.

When the next annual report comes out it will be higher because of accumulated and unpaid interest.

None of it, of course, will ever be paid, unless we receive some contributions from honest Finland, the only nation that has made any payments at all in recent years.

Britain's World War I debt still owed to the United States is \$8,086,559,301.93. That of France is \$5,569,707,289.34.

POST-WORLD-WAR I LOANS TO GERMANY DID NOT PREVENT WORLD WAR II

Neither country ever intended to pay up its war debts, including that owed on post-World War I foreign aid. Yet after World War II with the enormous British World War debt still standing on the books, the United States blithely loaned Britain another \$3,750,000,000, and with our sanction she has begun to welch on paying that.

A post-World War I debt owed by Germany for foreign aid extended to her totals \$1,192,804,499.26.

Germany borrowed money from Britain, France and Holland, her former enemies. She borrowed billions more than she needed to meet her reparations payments. All of the money loaned to Germany was foreign aid. She used the excess to prepare for World War II.

Foreign aid to Germany after World War I helped her to build up the mighty war machine with which she struck at her old adversaries in World War II. Most of this foreign aid came from the United States.

FAILURE OF FOREIGN AID TO ASSURE PEACE A MATTER OF HISTORIC RECORD

There are few more preposterous claims for foreign aid than the one that it will assure peace. The record shows it did not keep the peace after World War I; it prepared the nations of old Europe for another and bigger war.

Who can assure us that foreign aid extended since World War II will keep the peace, or that it will even contribute to maintaining peace?

Foreign aid has been extended by the United States in connection with World War II and its aftermath for 17 years, beginning from more than a year before our entry into that war until the present day.

FOREIGN AID BURDEN SHIFTED TO TAXPAYERS BEFORE WORLD WAR II

When World War II loomed, the problem of financing Britain and France perplexed our statesmen in the White House. It would be difficult, after the disastrous experience of World War I, to finance them from sales of liberty bonds. It would be equally absurd to finance them through loans, because everyone then knew that such loans are not repaid. So the decision was made to finance them through taxes imposed on all our citizens, which is the way foreign aid is being financed today, 17 years later.

This is money extracted from our citizens in taxes to hand over to some foreign country.

We began giving World War II foreign aid on September 3, 1940, 14 months before Pearl Harbor, when President Roosevelt handed over to Britain 50 destroyers which had initially cost the taxpayers \$75 million.

Then in March 1941, 9 months before Pearl Harbor, Congress passed the Lend-Lease Act. Before the war was over lend-lease had cost the taxpayers \$47.1 billion, of which 90 percent went to 3 countries: \$28.6 to the United Kingdom, \$10.8 to Soviet Russia, and \$2.6 to France. Other countries received a total of \$5.1 billion.

Congress set up UNRRA, United Nations Relief and Rehabilitation Administration, in November 1943, which cost our taxpayers another \$2.7 billion. UNRRA was an international operation. The other 45 nations put up a total of only \$1 billion.

WARTIME PLANS LAID FOR POSTWAR FOREIGN AID

During the latter part of the war Congress also authorized the International Monetary Fund, of which Harry Dexter White, the Soviet spy, would become Executive Director, and to which \$2,750 million in American taxpayers' money was paid.

Another foreign-aid scheme was the International Bank, to which the United States is obligated to subscribe in capital stock to the amount of \$3,175 million, of which \$635 million has been paid.

Then there were the post-UNRRA \$350 million authorization; the interim-aid program for Austria, France, and Italy, costing \$597 million; and the Greek-Turkish aid program, \$627 million.

All of these, except the British loan, were presented to Congress as temporary measures. Even the so-called Marshall plan, proposed in 1947 and enacted in 1948, was supposed to continue for only 4 years and cost no more than \$17 billion.

PROGRAM CALLS FOR PERPETUAL FOREIGN HANDOUTS

The bill before us contemplates foreign aid for at least another 3 years and actually proposes between the lines to go on forever.

Perpetual handouts for perpetual beggars is the program.

For 17 years Congress has required our taxpayers to finance foreign wars, foreign industry, foreign trade, and foreign competition against American farmers, wage earners, producers, and investors.

During these 17 years we have fought two wars ourselves at a terrible cost in lives, blood, and treasure.

Yet in addition to paying our own way, the taxpayers of the United States have

been compelled by Congress to support at one time or another every country on the globe, including those that were or have gone Communist.

AVERAGE COST OF FOREIGN AID TO EACH AMERICAN FAMILY NOW \$2,459

Mr. President, we have given or loaned—mostly given—foreign nations \$107 billion since the outbreak of World War II. That \$107 billion breaks down to \$2,459 for every family in the United States, and \$619 for every individual in the United States, man, woman, or child.

The nations to which we have given money cover a considerable list. I have received such a list from a Mr. Hill, Assistant Secretary of State. I ask unanimous consent to have the list printed in the RECORD at this point as a part of my remarks.

NATIONS ON OUR FOREIGN-AID DOLE LIST

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Country	Date concluded	Date effective	Date terminated	Country	Date concluded	Date effective	Date terminated
Argentina (B).....	Oct. 14, 1941	Nov. 15, 1941		India (G).....	Oct. 30, 1947	July 9, 1948	
Australia (G).....	Oct. 30, 1947	Jan. 1, 1948		Indonesia (G) ¹	do.	Mar. 11, 1948	
Austria (T).....	Apr. 21, 1951	Oct. 19, 1951		Iran (B).....	Apr. 8, 1943	June 28, 1944	
Belgium * (G).....	Oct. 30, 1947	Jan. 1, 1948		Italy (A).....	Oct. 10, 1949	May 30, 1950	
Brazil * (G).....	do.	July 31, 1948		Japan (J).....	June 8, 1955	Sept. 10, 1955	
Burma (G).....	do.	July 30, 1948		[Lebanon] (G).....	Oct. 30, 1947	July 30, 1948	¹ Feb. 25, 1951
Canada * (G).....	do.	Jan. 1, 1948		[Liberia] (A).....	Oct. 10, 1949	May 20, 1950	¹ June 13, 1953
Ceylon (G).....	do.	July 30, 1948		Luxembourg * (G).....	Oct. 30, 1947	Jan. 1, 1948	
Chile (G).....	do.	Mar. 16, 1949		[Mexico] (B).....	Dec. 23, 1942	Jan. 30, 1943	² Jan. 1, 1951
[China] (G).....	do.	May 22, 1948	¹ May 5, 1950	Netherlands * (G).....	Oct. 30, 1947	Jan. 1, 1948	
[Colombia] (B).....	Sept. 13, 1935	May 20, 1936	² Dec. 1, 1949	New Zealand (G).....	do.	July 31, 1948	
[Costa Rica] (B).....	Nov. 28, 1936	Aug. 2, 1937	² June 1, 1951	Nicaragua * (A).....	Oct. 10, 1949	May 28, 1950	
Cuba * (G).....	Oct. 30, 1947	Jan. 1, 1948		Norway (G).....	Oct. 30, 1947	July 11, 1948	
[Czechoslovakia] * (G).....	do.	Apr. 21, 1948	³ Sept. 29, 1951	Pakistan (G).....	do.	July 31, 1948	
Denmark (A).....	Oct. 10, 1949	May 28, 1950		Paraguay (B).....	Sept. 12, 1946	Apr. 9, 1947	
Dominican Republic (A).....	do.	May 19, 1950		Peru * (T).....	Apr. 21, 1951	Oct. 7, 1951	
[Ecuador].....	Aug. 6, 1938	Oct. 23, 1938	² July 17, 1956	Rhodesia and Nyasaland (G) ⁴	Oct. 30, 1947	July 12, 1948	
El Salvador (B).....	Feb. 19, 1937	May 31, 1937		Sweden * (A).....	Oct. 10, 1949	Apr. 30, 1950	
Finland * (A).....	Oct. 10, 1949	May 25, 1950		Switzerland (B).....	Jan. 9, 1936	Feb. 15, 1936	
France * (G).....	Oct. 30, 1947	Jan. 1, 1948		[Syria] (G).....	Oct. 30, 1947	July 31, 1948	¹ Aug. 6, 1951
Germany (T).....	Apr. 21, 1951	Oct. 1, 1951		Turkey * (T).....	Apr. 21, 1951	Oct. 17, 1951	
Greece (A).....	Oct. 10, 1949	Mar. 9, 1950		Union of South Africa (G).....	Oct. 30, 1947	June 14, 1948	
[Guatemala] (B).....	Apr. 24, 1936	June 15, 1936	² Oct. 15, 1955	United Kingdom * (G).....	do.	Jan. 1, 1948	
Haiti * (A).....	Oct. 10, 1949	Jan. 1, 1950		Uruguay * (A).....	Oct. 10, 1949	Dec. 16, 1953	
Honduras (B).....	Dec. 18, 1935	Mar. 2, 1936		Venezuela (B).....	Nov. 6, 1939	Dec. 16, 1939	
Iceland (B).....	Aug. 27, 1943	Nov. 19, 1943		Supplemental agreement.....	Aug. 28, 1952	Oct. 11, 1952	

¹ Country indicated withdrew from the GATT effective as of the termination date shown.

² Bilateral agreement terminated by joint agreement effective as of the date shown.

³ United States obligations to Czechoslovakia under the GATT were suspended as of Sept. 29, 1951.

⁴ Prior to Feb. 24, 1950, the date on which the Republic of Indonesia was recog-

nized as a contracting party, the Netherlands applied the general agreement to the Netherlands Indies as a Netherlands territory.

⁵ Prior to Oct. 29, 1954, the date on which the Federation of Rhodesia and Nyasaland was recognized as a contracting party, the general agreement was applied in the present Federation area by Southern Rhodesia and by the United Kingdom (for Northern Rhodesia and Nyasaland).

NATIONS AIDED BY UNITED STATES MAKE TRADE PACTS WITH IRON CURTAIN COUNTRIES

Mr. MALONE. A list of trade agreements made with nations to which we have given money, including the amounts within the \$107 billion I have mentioned, and the nations included in the list of those which have made foreign trade agreements with our actual and potential enemies behind the Iron Curtain was received from Robert C. Hill, Assistant Secretary, on June 27, in a letter. I ask unanimous consent that this letter, together with the enclosures, be made a part of the RECORD at this point.

There being no objection, the letter and enclosures were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, June 27, 1957.

The Honorable GEORGE W. MALONE,
United States Senate.

DEAR SENATOR MALONE: The four categories of date on Soviet bloc trade requested in your letter of June 19, 1957 have been assembled on an urgent basis and are set forth in four enclosures to this letter.

A listing of all known trade agreements between countries of the free world and the Soviet bloc is contained in enclosure No. 1. More detailed information on certain of these agreements is available and, on request, could be furnished.

Lists of goods that the Soviet Union imports are included in the data presented in enclosures Nos. 2 and 4.

Lists of goods that the Soviet union imports from satellite countries, as a bloc, are given in enclosure No. 2 and the distribu-

CALENDAR OF TRADE AGREEMENTS

Listed below are the 51 countries with which the United States has concluded reciprocal trade agreements under the provisions and authority of the Trade Agreements Act of 1934, as amended and extended. Agreements with 41 of these countries are presently in effect; 33 are under the multilateral General Agreement on Tariffs and Trade (GATT), and the remaining 8 are bilateral agreements.

Meanings of symbols used in the list are as follows:

* Indicates that a former bilateral agreement was suspended because the country became a contracting party to the General Agreement on Tariffs and Trade (GATT).

(B) indicates bilateral agreement.

(G), (A), (T), or (J) indicates multilateral conference at which country negotiated for accession to GATT: (G)—Geneva, Switzerland, 1947; (A)—Annecy, France, 1949; (T)—Torquay, England, 1951; (J)—Geneva, Switzerland, 1955.

The 10 countries with which trade agreements are no longer in effect are indicated by striking through.

tion of Soviet imports from the various satellites is enumerated in enclosure No. 3. A detailed breakdown by commodity of Soviet imports from each Soviet bloc member is not available.

Finally, exports during 1955 of all free world countries to each Soviet bloc country, broken down by commodity, are tabulated in enclosure 4. Preliminary data for the first 6 months of 1956 are available but are not enclosed since you requested data on the most recent 12-month period. Data for the full year 1956 are in the process of preparation and, if you require this information, it may be provided late this year.

I trust the enclosed information is fully responsive to your needs.

Sincerely yours,

ROBERT C. HILL,
Assistant Secretary.

Trade and/or payments agreements between the Sino-Soviet bloc and the free world as of June 24, 1957¹

	Albania	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Rumania	U. S. S. R.	China	North Korea	North Vietnam
Europe:											
Austria.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Belgium.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Denmark.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Finland.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
France.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Germany, West.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Greece.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			(*)
Iceland.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Italy.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Netherlands.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Norway.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Portugal.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Sweden.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Switzerland.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Turkey.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
United Kingdom.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Yugoslavia.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)			
Near East and Africa:											
Egypt.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Ethiopia.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Iran.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Israel.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Lebanon.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Morocco.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Sudan.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Syria.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Yemen.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
South Asia:											
Afghanistan.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Ceylon.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
India.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Pakistan.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		(*)
South East Asia:											
Burma.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Cambodia.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Indonesia.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)		
Latin America:											
Argentina.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Brazil.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Colombia.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Mexico.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Paraguay.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Uruguay.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Other:											
Canada.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Australia.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)

¹ The list includes agreements known to be in force, agreements which are assumed to have been tacitly renewed, and newly signed agreements of uncertain date of entry into force.

² Payments agreement only.

Composition of Soviet trade in 1955

[In millions of current United States dollars]

	Percent of total	Total value	Bloc (percent)	Nonbloc ¹ (percent)		Percent of total	Total value	Bloc (percent)	Nonbloc ¹ (percent)
Imports:					Exports:				
1. Machinery and equipment.....	33.0	1,025	81.5	19.5	1. Machinery and equipment.....	22.1	690	97.5	2.5
2. Crude materials and fuels.....	48.0	1,500	84.5	15.5	2. Fuels and crude materials.....	59.9	1,870	74.5	25.5
Coal and coke.....	3.1	95	99.0	1.0	Coal.....	1.3	40	2.0	100.0
Oil and oil products.....	2.8	85	60.0	40.0	Oil and oil products.....	6.4	200	59.5	40.5
Metals and ores.....	9.5	295			Metals.....	15.2	470	82.0	18.0
Natural rubber.....	.8	25	20.0	80.0	Lumber and wood products.....	4.7	145	29.5	70.5
Cotton.....	.6	20	0	100.0	Cotton.....	11.3	355	83.0	17.0
Other textile materials.....	5.4	170	79.5	20.5	Furs.....	1.5	45	40.0	60.0
Peanuts, soy beans, and oil-seeds.....	3.6	110	100.0	0	Fiber flax.....	.1	5	87.5	12.5
Others.....	22.2	695	88.0	12.0	Others.....	19.4	605	87.5	12.5
3. Foods and consumer goods.....	19.0	595	72.5	27.5	3. Foods and consumer goods.....	18.0	560	83.0	17.0
Meats and dairy products.....	4.2	131	82.5	17.5	Grains.....	10.3	320	84.5	15.5
Sugar.....	2.9	90	41.0	59.0	Sugar.....	.8	25	8.0	92.0
Grains.....	2.2	70	66.0	34.0	Meat and dairy products.....	.3	10	90.0	10.0
Textile fabrics.....	3.2	100	95.0	5.0	Textiles.....	1.6	50	88.0	12.0
Total.....	100.0	3,125			Fruits and vegetables.....	1.5	45	72.0	28.0
					Total.....	100.0	3,125		

¹ Based upon statistics from the Department of Commerce; figures would be slightly higher were Soviet statistics available.

² Small amounts were exported to East Germany, Rumania, and Hungary.

Distribution of the trade of the U. S. S. R.

[In millions of current United States dollars]

	1937	1950	1953	1954	1955	1956		1937	1950	1953	1954	1955	1956
Total.....	801	2,570	5,750	6,250	6,250	6,830	Rumania.....		235	320	325	365	420
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	Percent.....		9.0	5.5	5.0	6.0	6.0
Bloc.....	61	2,010	4,750	4,900	4,875	5,160	Hungary.....		130	320	300	250	190
Percent.....	7.5	78.5	82.5	78.5	78.0	75.5	Percent.....		5.0	5.5	4.5	4.0	2.5
Communist China.....	17	350	1,050	1,175	1,250	1,300	Bulgaria.....		120	195	205	180	190
Percent.....	2.0	10.0	18.0	18.5	20.0	19.0	Percent.....		4.5	4.0	3.5	3.0	2.5
East Germany.....	28	327	915	1,040	935	1,090	Albania.....		12	16	14	23	24
Percent.....	3.5	12.5	16.0	16.5	15.0	16.0	Percent.....		0.5	0.3	0.2	0.4	0.3
Czechoslovakia.....	8	416	690	745	795	925	Other bloc countries and unaccounted for.....			650	430	480	505
Percent.....	1.0	16.0	12.0	12.0	12.5	13.5	Nonbloc.....		740	560	1,000	1,375	1,670
Poland.....	6	340	595	665	595	505	Percent.....		92.5	22.0	17.5	21.5	24.5
Percent.....	0.7	13.0	10.5	10.5	9.5	7.5	Alternative nonbloc.....			815	1,130	1,190	1,520

NOTES FOR SUMMARY TABLES SHOWING EXPORTS TO AND IMPORTS FROM SOVIET BLOC COUNTRIES BY FREE-WORLD COUNTRIES, JANUARY-DECEMBER 1955

These summary tables show the trade of free-world countries, by commodity groups, with the Soviet bloc (i. e., Albania, Bulgaria, Czechoslovakia, Soviet Zone of Germany, Hungary, Poland, Rumania, U. S. S. R., and China). The total value of free-world exports and imports as shown on the attached sheets represents all the known officially reported trade of free-world countries (totaling 69) with Soviet bloc countries, except those whose trade did not exceed \$1 million in any year after 1950. The commodity details in these tables relate only to the trade of 44 countries. However, their exports comprised 99 percent of the total known free-world exports to the Soviet bloc and their imports were 94 percent.

Commodity data were compiled from the latest available official publications of each country or from other official sources as of August 1956. The 44 countries included in the tables are: OEEC countries—Austria, Belgium-Luxembourg, Denmark, France, Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and United Kingdom; other countries—Algeria, Argentina, Australia, Brazil, Burma, Canada, Ceylon, Cuba (exports only), Egypt, Finland, French Morocco, Gold Coast, Hong Kong, India, Indonesia, Israel, Iran, Japan, Malaya, New Zealand, Nigeria, Pakistan, Sudan, Taiwan, Union of South Africa, United States, Uruguay, and Yugoslavia.

The above list includes Organization for European Economic Cooperation (OEEC) countries and all other countries whose exports to or imports from the Soviet bloc totaled \$5 million or more in any year after 1951 with 5 exceptions. These—Cuba (im-

ports only), Iraq, Lebanon, Syria, and Vietnam—have not yet published commodity data showing trade with the bloc for the year 1955.

Of the countries for which commodity detail is presented, the following do not show the Soviet Zone of Germany separately: Brazil, Hong Kong, Indonesia, Iran, Taiwan, and Uruguay. The total official trade with the Soviet Zone of Germany is therefore greater than the totals shown by an unknown, though probably quite small, amount.

China data as far as possible refer to mainland (Communist) China, including Manchuria, Inner Mongolia, and Tibet. The following are known exceptions to this rule: Algeria, France, Iran, and Italy include Taiwan; Austria, Norway and the United Kingdom include Outer Mongolia; Australia excludes Manchuria; Egypt includes Mongolia; Indonesia includes Outer Mongolia and excludes Manchuria; Ireland includes Taiwan and excludes Manchuria; Switzerland includes Taiwan, Hong Kong and Macao; Portugal includes Taiwan and excludes Inner Mongolia. Total values include an unknown amount of duplication of trade through Hong Kong.

Exports are valued f. o. b., port of shipment, by all countries except Canada and the Union of South Africa, which value exports f. o. b., inland point of shipment, and the United States which values exports f. a. s. Imports are valued c. i. f. by all countries except Australia, Canada, Union of South Africa, and the United States, which report f. o. b. values. Adjustments have not been made for these differences.

Figures are for special trade (i. e., imports from consumption and domestic exports) except for the following countries which report general trade (i. e., general imports and exports, including reexports): Australia, Brazil (imports only), Burma, Ceylon, Cuba, Gold Coast, Hong Kong, India,

Ireland, Japan, Malaya, Nigeria, New Zealand, Pakistan, Sudan, Union of South Africa, United Kingdom, and United States. Taiwan reports general imports minus reexports.

Commodity groups are arranged as far as possible according to the United Nations Standard International Trade Classification. Because of the nature of the raw data, the commodity group totals cannot be entirely complete. Detailed commodity figures are not available for all free-world countries by each Soviet bloc country. Moreover, the data as published by the individual countries could not be combined into strictly comparable categories. The groups shown are those categories into which a substantial amount of the trade could be combined, and generally understate the total value of the trade in each group.

An "other and unspecified" item has been listed under many commodity groups, as well as at the end of the tables, to cover items not comparable with more detailed SITC categories and, in some instances, to group items valued at less than \$10,000. The value of "other and unspecified merchandise" at the end of each table also includes a considerable amount for which commodity detail is not available because data were not reported in complete detail, or are entirely lacking for all or part of 1955. The major share of unspecified exports is accounted for by exports valued at \$7,800,000 from India, \$11,700,000 from Burma, \$9,900,000 from Iran, and \$2 million from Lebanon. The major unknown import detail consists of imports valued at \$17,700,000 by India, \$2,700,000 by Burma, \$5,846,000 by Iran, \$5,200,000 by Iraq, \$5,400,000 by Lebanon, \$5,500,000 by Syria, and \$8,500,000 by Vietnam.

Wherever possible, the statistics have been converted from original currency units to United States dollars at the rates published by the International Monetary Fund. Otherwise, rates as reported by the countries themselves have been used.

Free-world exports to Soviet bloc countries by commodity groups, January-December 1955

[Value in thousands of United States dollars]

Commodity group	Total to Soviet bloc	Total to Soviet bloc in Europe	Albania	Bulgaria	Czechoslovakia	Soviet zone of Germany	Hungary	Poland	Rumania	U.S.S.R.	Soviet bloc in Eastern Europe ¹	China ²
Exports, total.....	\$ 2,061,808	\$ 1,747,290	681	25,900	261,962	275,050	190,043	325,703	77,797	590,148	-----	314,493
Food.....	422,497	401,943	-----	1,837	77,196	82,149	49,490	53,079	11,633	126,257	302	20,554
Live animals, chiefly for food.....	12,626	12,511	-----	151	2,191	6,134	77	54	-----	3,868	36	115
Meat and meat preparations.....	34,619	34,561	-----	4	9,982	3,440	1,273	199	1	19,656	6	53
Butter.....	20,402	20,402	-----	-----	9,097	11,305	-----	-----	-----	-----	-----	-----
Cheese.....	7,422	7,418	-----	-----	1,098	5,594	-----	24	-----	648	54	4
Eggs.....	1,520	1,520	-----	-----	319	1,201	-----	-----	-----	-----	-----	-----
Other and unspecified dairy products; honey.....	1,536	1,478	-----	-----	-----	988	52	58	380	-----	-----	58
Fish and fish preparations.....	49,722	49,600	-----	311	7,931	21,128	160	1,093	854	18,001	112	122
Cereals and cereal preparations.....	119,927	107,171	-----	255	9,191	6,936	32,819	44,359	4,633	8,978	-----	12,756
Wheat and wheat flour.....	69,548	69,480	-----	-----	1,398	-----	27,003	37,356	3,709	14	-----	68
Rice.....	31,056	18,460	-----	-----	2,200	3,523	6	3,440	327	8,964	-----	12,596
Barley.....	7,161	7,069	-----	255	3,479	1,517	1,650	168	-----	-----	-----	92
Corn.....	2,542	2,542	-----	-----	2,086	-----	356	55	45	-----	-----	-----
Other and unspecified cereals and cereal preparations.....	9,620	9,620	-----	-----	28	1,896	3,804	3,340	552	-----	-----	-----
Fruits and vegetables.....	49,163	48,787	-----	1,075	11,179	15,666	3,592	1,685	2,139	13,447	4	376
Sugar and sugar preparations.....	62,452	59,098	-----	-----	4,732	359	3,947	23	1,958	48,079	-----	3,354
Cocoa, chocolate, and preparations.....	25,614	25,410	-----	32	6,462	2,655	1,253	3,047	470	11,468	23	204
Coffee, tea, spices and manufactures.....	15,980	14,073	-----	-----	5,959	1,851	2,015	1,891	294	2,019	44	1,907
Feeding stuff for animals.....	10,658	10,658	-----	-----	7,829	689	1,493	535	110	2	-----	-----
Margarine and shortenings.....	7,878	7,878	-----	-----	1,200	2,945	2,783	104	755	91	-----	-----
Other and unspecified foods.....	2,978	1,378	-----	9	26	1,258	26	7	29	-----	23	1,600
Beverages and tobacco.....	40,897	38,824	-----	1	7,252	11,302	2,987	12,261	230	4,723	68	2,073
Beverages.....	2,833	2,796	-----	1	718	1,057	268	343	207	168	34	37
Tobacco and tobacco manufactures.....	38,064	36,028	-----	-----	6,534	10,245	2,719	11,918	23	4,555	34	2,036
Crude materials, inedible, except mineral fuels.....	617,870	501,194	-----	6,443	106,873	38,456	64,961	131,738	22,626	129,763	334	116,670
Hides and skins, undressed.....	42,680	42,463	-----	-----	9,173	1,153	4,885	9,801	1,713	15,711	27	217
Fur skins and unspecified hides and skins, undressed.....	3,695	3,695	-----	-----	361	3,262	53	-----	-----	1	18	-----
Oilseeds, oil nuts and oil kernels.....	7,113	4,893	-----	-----	-----	538	210	1,199	686	198	-----	2,220
Crude rubber, including synthetic and reclaimed.....	79,921	54,862	-----	451	11,175	-----	1,694	21,463	613	19,466	-----	25,059
Fuelwood.....	1,715	1,715	-----	-----	-----	9	1,251	-----	-----	455	-----	-----
Wood in the round or simply worked.....	43,435	43,349	-----	718	2,656	9,491	12,673	352	1	17,449	9	86
Cork, raw and waste.....	8,905	8,551	-----	208	1,297	234	644	302	647	5,219	-----	354
Pulp and waste paper.....	23,096	22,616	-----	575	1,783	1,523	2,744	9,062	417	6,512	-----	480

Footnotes at end of table.

Free-world exports to Soviet bloc countries by commodity groups, January-December 1955—Continued

[Value in thousands of United States dollars]

Commodity group	Total to Soviet bloc	Total to Soviet bloc in Europe	Albania	Bulgaria	Czechoslovakia	Soviet zone of Germany	Hungary	Poland	Rumania	U.S.S.R.	Soviet bloc in Eastern Europe ¹	China ²
Crude materials, etc.—Continued												
Textile fibers.....	360,422	275,016	-----	3,914	68,591	15,409	37,959	68,608	18,081	61,390	64	85,400
Wool and other animal hair.....	139,995	117,720	-----	2,278	27,238	4,792	8,377	35,207	6,705	33,074	49	21,369
Cotton.....	158,798	100,979	-----	281	32,563	4,096	20,813	17,656	6,383	19,187	-----	57,819
Jute.....	11,060	5,765	-----	-----	720	-----	640	4,405	-----	-----	-----	5,285
Other vegetable fibers.....	14,886	14,358	-----	-----	5,279	1,220	2,662	3,245	172	1,780	-----	528
Synthetic fibers.....	20,358	19,959	-----	503	99	1,580	2,833	3,220	4,388	7,329	7	399
Waste materials from textile fabrics.....	15,496	15,496	-----	852	2,690	3,030	2,634	5,862	427	1	-----	-----
Other and unspecified textile fibers.....	739	739	-----	-----	2	691	-----	13	6	19	8	-----
Crude fertilizers and minerals, except coal, petroleum and precious stones.....	10,074	10,044	-----	237	2,184	1,998	750	4,587	50	189	49	30
Natural phosphates.....	3,757	3,757	-----	-----	613	151	59	2,920	14	-----	-----	-----
Crude minerals except fertilizers and fuels.....	6,317	6,287	-----	237	1,571	1,847	691	1,667	36	189	49	30
Metalliferous ores and metal scrap.....	22,400	22,400	-----	-----	6,431	399	439	13,754	11	1,325	41	-----
Iron ore and concentrates.....	17,055	17,055	-----	-----	5,622	262	160	11,008	-----	3	-----	-----
Ores of nonferrous base metals and concentrates.....	3,052	3,052	-----	-----	169	-----	12	2,239	11	591	30	-----
Unspecified ores and metal scrap.....	2,293	2,293	-----	-----	640	137	267	507	-----	731	11	-----
Animal and vegetable crude materials, inedible.....	14,003	11,205	-----	340	1,116	4,107	1,655	1,610	403	1,848	126	2,798
Crude animal materials, inedible.....	1,207	919	-----	25	281	217	119	178	7	57	35	288
Crude vegetable materials, inedible.....	12,796	10,286	-----	315	835	3,890	1,536	1,432	396	1,791	91	2,510
Unspecified crude materials.....	411	385	-----	-----	44	333	4	-----	4	-----	-----	26
Mineral fuels, lubricants, and related materials.....	20,874	20,718	-----	108	1,769	9,258	5,663	3,245	23	603	49	156
Coal, coke, and briquets.....	12,007	12,007	-----	-----	-----	6,230	5,565	-----	-----	212	-----	-----
Petroleum, crude, and products.....	5,711	5,555	-----	108	1,355	337	98	3,245	23	340	49	156
Gas, natural and manufactured; electric energy.....	3,105	3,105	-----	-----	414	2,691	-----	-----	-----	51	-----	-----
Unspecified mineral fuels and related materials.....	51	51	-----	-----	-----	-----	-----	-----	-----	51	-----	-----
Animal and vegetable oils and fats.....	45,335	39,832	43	168	3,305	5,508	5,084	3,211	456	21,983	74	5,503
Chemicals.....	195,555	98,981	11	3,985	20,401	27,260	11,918	17,617	9,311	5,255	3,223	96,574
Inorganic chemicals.....	20,150	15,981	7	1,394	2,693	2,089	4,135	4,050	554	1,025	34	4,169
Organic chemicals.....	26,629	10,067	1	149	2,194	1,262	1,575	2,198	1,054	1,583	51	16,562
Mineral tar and crude coal-tar chemicals.....	397	328	-----	13	40	211	56	7	1	-----	-----	69
Dyeing, tanning and coloring materials.....	50,452	27,947	-----	1,638	5,982	6,545	2,509	6,579	4,017	582	95	22,505
Coal-tar dyestuffs and natural indigo.....	35,880	16,040	-----	653	3,260	5,008	1,976	2,896	1,804	422	21	19,840
Dyeing and tanning extracts and materials.....	10,597	8,430	-----	933	1,721	416	271	2,923	2,166	-----	-----	2,167
Pigments, paints, varnishes and related materials.....	3,975	3,477	-----	52	1,001	1,121	262	760	47	160	74	498
Medicinal and pharmaceutical products.....	18,314	8,815	2	383	1,639	2,014	1,038	1,450	1,771	440	78	9,499
Essential oils and perfume materials; toilet, polishing, and cleansing preparations.....	4,967	4,355	-----	41	695	1,149	512	237	290	1,431	-----	612
Fertilizers, manufactured.....	46,207	7,266	-----	4	792	5,040	7	1,296	127	-----	-----	38,941
Nitrogenous fertilizers and fertilizer materials, n. e. s.....	36,450	803	-----	4	792	-----	7	-----	-----	-----	-----	35,647
Phosphatic fertilizers and fertilizer materials, n. e. s.....	9,517	6,463	-----	-----	-----	5,040	-----	1,296	127	-----	-----	3,054
Potassic fertilizers and fertilizer materials, n. e. s.....	240	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	240
Explosives.....	724	724	-----	72	90	428	27	12	72	23	-----	-----
Synthetic plastic materials in primary forms.....	8,646	7,964	-----	57	1,940	3,964	1,044	687	213	-----	59	682
Other and unspecified chemicals.....	19,069	15,534	1	234	4,336	4,558	1,015	1,101	1,212	171	2,906	3,535
Manufactured goods classified chiefly by material.....	342,780	314,298	452	7,908	24,635	71,808	36,587	54,365	26,634	90,628	1,281	28,482
Leather, dressed furs, and manufactures, except travel goods, clothing and footwear.....	5,798	5,782	289	8	49	521	1,331	49	6	3,525	4	16
Rubber manufactures except clothing and footwear.....	4,876	4,703	-----	172	194	946	142	3,023	97	21	108	173
Wood manufactures.....	7,604	7,594	-----	-----	751	3,920	1,460	304	-----	1,142	17	10
Cork manufactures.....	1,020	942	-----	-----	375	87	186	24	48	222	-----	78
Paper, paperboard, and manufactures.....	40,589	35,158	-----	410	786	4,584	2,616	2,027	1,729	22,954	52	5,431
Textile yarn, fabrics and manufactures, except clothing.....	68,759	51,065	48	597	5,742	9,146	11,211	4,083	14,214	5,491	533	17,694
Wool and hair yarn, fabrics and manufactures.....	8,094	7,305	-----	249	841	960	1,618	1,380	12	2,036	209	789
Cotton yarn, fabrics and manufactures.....	18,916	16,637	15	41	948	2,458	1,557	257	11,178	-----	183	2,279
Jute yarn, fabrics and manufactures.....	6,334	265	10	-----	167	-----	88	-----	-----	-----	-----	6,069
Synthetic fiber yarn, fabrics and manufactures.....	22,864	16,840	-----	227	2,775	554	6,618	1,441	2,242	2,909	74	6,024
Other and unspecified yarn, fabrics and manufactures.....	12,551	10,018	23	80	1,011	5,174	1,330	1,005	782	546	67	2,533
Nonmetallic mineral manufactures.....	4,042	3,868	-----	65	422	569	552	1,262	272	620	106	174
Lime, cement, and fabricated construction materials, except glass.....	1,788	1,726	-----	42	4	184	193	764	26	513	-----	62
Other mineral manufactures, except pottery and glass.....	1,196	1,101	-----	6	165	3	205	391	189	54	88	95
Glass, glassware and pottery.....	1,058	1,041	-----	17	253	382	154	107	57	53	18	17
Sliver, platinum, gems and jewelry.....	915	271	-----	2	122	14	17	16	99	1	-----	644
Base metals and manufactures.....	208,537	204,324	115	6,649	16,178	51,486	19,070	43,565	10,166	56,646	449	4,213
Pig iron and ferroalloys.....	3,592	3,335	-----	11	440	2,299	-----	585	-----	-----	-----	257
Other and unspecified iron and steel and semi-manufactures.....	84,461	82,913	75	4,861	4,485	14,330	12,645	27,224	7,724	11,463	106	1,548
Copper wire rods and wire.....	53,210	53,202	-----	-----	6,444	253	3,071	5,977	812	36,645	-----	8
Other and unspecified copper and semi-manufactures.....	4,887	4,742	-----	4	404	143	36	3,200	233	684	38	145
Nickel and semi-manufactures.....	99	66	-----	-----	12	-----	16	38	-----	-----	-----	33
Aluminum and semi-manufactures.....	229	224	-----	30	7	-----	75	99	13	-----	-----	5
Lead and semi-manufactures.....	2,988	2,981	-----	-----	2,276	-----	341	359	-----	5	-----	7

Footnotes at end of table.

Free-world exports to Soviet bloc countries by commodity groups, January-December 1955—Continued

[Value in thousands of United States dollars]

Commodity group	Total to Soviet bloc	Total to Soviet bloc in Europe	Albania	Bulgaria	Czechoslovakia	Soviet Zone of Germany	Hungary	Poland	Rumania	U.S.S.R.	Soviet bloc in Eastern Europe ¹	China ²
Manufactured goods, classified, etc.—Continued												
Base metals and manufactures—Continued												
Zinc and semimanufactures	132	104		1			83	3		17		28
Tin and semimanufactures	3,828	3,828			607		1,137	1,980	104			
Other and unspecified base metals and semimanufactures	2,970	2,944			795	1,102	77	709	9		252	26
Arms and ammunition	282	87		36	6		3	23	17	2		195
Iron and steel structural parts, wire cables, netting, and related manufactures	3,933	3,917	5	355	24	47	280	873	492	1,841		16
Copper structural parts, wire cables, netting, and related manufactures	709	702		3	55		101	523	20			7
Manufactures of metals, other	17,069	15,585	35	1,340	606	3,690	1,188	1,951	740	5,982	53	1,484
Other and unspecified metals and manufactures	30,148	29,694		8	17	29,622	17	21	2	7		454
Unspecified manufactured goods classified chiefly by material	640	591		5	16	535	2	12	3	6	12	49
Machinery and transport equipment	275,265	260,230	5	3,861	8,132	14,369	8,373	35,651	4,564	184,678	597	15,035
Machinery other than electric	114,879	108,657	1	1,690	4,430	9,654	5,225	22,600	3,076	61,588	393	6,222
Power generating machinery, except electric	25,484	25,306		514	320	1,924	761	10,173	345	11,167	102	178
Agricultural machinery and implements	2,291	2,291		11	124	19	127	621	70	1,294	25	
Tractors other than steam	210	210		5	23		116	5	52	9		
Office machinery	505	306		5	8	72	13	197	2	4	5	199
Metalworking machinery	3,513	3,451		83	132	616	273	435	81	1,798	33	62
Conveying, hoisting, excavating, road construction and mining machinery	13,626	13,403		147	390	759	154	2,623	57	9,193	80	223
Paper mill, pulp mill, and paper processing machinery	7,831	4,948		5	35	2	14	197	1,138	3,557		2,883
Textile machinery and accessories	19,614	18,458		143	128	338	278	549	29	16,875	118	1,156
Sewing machines	3,721	3,561		17	63	380	123	63	53	2,862		160
Ball, needle or roller bearings	5,061	4,978		81	1,398	124	1,452	1,804	119			83
Other and unspecified mining, construction and industrial machinery	15,301	14,685	1	446	779	240	1,398	3,636	729	7,456		616
Unspecified nonelectrical machinery	17,722	17,060		233	1,030	5,180	516	2,297	401	7,373	30	662
Electric machinery, apparatus and appliances	38,222	35,527	1	1,559	2,436	3,430	2,162	9,045	662	16,128	104	2,695
Electric generators, alternators, motors, converters, transformers, switchgear	14,968	14,730		1,073	383	13	194	4,218	41	8,772	36	238
Radio and other apparatus for telegraphy, telephony, television and radar	1,730	1,477	1	127	147	42	227	673	97	160	3	253
Insulated cables and wire for electricity	2,486	2,272		114	24	77	107	460	361	1,129		214
Other and unspecified electric machinery	19,038	17,048		245	1,882	3,298	1,634	3,694	163	6,067	65	1,990
Transport equipment	120,489	115,674	3	499	1,154	1,269	952	3,924	817	106,956	100	4,815
Railway vehicles	1,263	1,202		10	111		34	447	309	260	31	61
Road motor vehicles	7,977	7,634	3	448	870	452	670	2,954	491	1,694	52	343
Road vehicles other than motor vehicles	769	412		24	14	34	247	48	8	37		357
Ships and boats	109,625	105,601			153			466		104,965	17	4,024
Unspecified transport equipment	855	825		17	6	783	1	9	9			30
Unspecified machinery and transport equipment	1,675	372		113	112	16	34	82	9	6		1,303
Miscellaneous manufactured articles	53,448	35,124	3	565	3,535	10,176	2,026	6,167	1,215	10,934	497	18,324
Prefabricated buildings and assembled parts	8,702	8,702			351					8,351		
Clothing	1,514	1,415		13	54	598	1	497	12	189	51	99
Footwear	3,925	3,925			126	2,321	5	829	80	563	1	
Instruments, photographic goods, watches and clocks	31,684	14,060	3	484	2,433	3,701	1,651	3,298	670	1,548	272	17,624
Professional and scientific instruments and apparatus	6,799	4,330		108	822	574	510	1,112	192	835	177	2,469
Photographic and motion-picture supplies and film	3,858	2,914		8	424	114	321	1,233	43	676	95	944
Watches and clocks	19,798	5,587	3	368	1,187	1,795	820	942	435	37		14,211
Unspecified instruments, photographic goods, watches and clocks	1,229	1,229				1,218		11				
Other and unspecified manufactured articles	7,623	7,022		68	571	3,556	369	1,543	453	283	173	601
Miscellaneous transactions and commodities	5,912	5,543		16	790	46	565	3,343	170	599	14	369
Other and unspecified merchandise	41,375	30,603	167	1,008	8,074	4,718	2,389	5,026	935	14,725		10,753

¹ Includes exports to the Soviet bloc countries in Europe which could not be broken down by individual countries.

² China data as far as possible refer to Mainland (Communist) China, including Manchuria, Inner Mongolia, and Tibet. The following are known exceptions to this rule: Algeria, Chile, France, Iran, Italy, Spain, and Syria include Taiwan; Austria, Norway and the United Kingdom include Outer Mongolia; Australia excludes Manchuria; Egypt includes Mongolia; Indonesia includes Outer Mongolia and excludes Manchuria; Ireland includes Taiwan and excludes Manchuria; Switzerland includes Taiwan, Hong Kong and Macao; Portugal includes Taiwan and excludes Inner Mongolia.

³ Includes exports to East Austria of miscellaneous manufactured articles valued at \$6,000.

⁴ Includes exports to North Korea of wool and other animal hair valued at \$6,000; to North Vietnam, unspecified merchandise valued at \$18,000; and to Outer Mongolia, unspecified merchandise valued at \$1,000.

⁵ Includes exports from the Netherlands valued at \$2,504,000 for which Eastern European country detail is not available, representing a combined total of coal-tar dyestuffs and chemical fertilizers without further value detail.

⁶ Includes exports of watches and clocks from Switzerland to "China" valued at \$13,503,000, most of which may have been shipped to Hong Kong since Switzerland's reported trade with China comprises Communist China, Taiwan, Hong Kong and Macao. Hong Kong's 1955 imports of watches and clocks from Switzerland were valued at \$12,977,000; exports of watches and clocks from Hong Kong to Communist

China during the same period were valued at \$560,000, which may include some reexports of goods originating in Switzerland.

⁷ The major share of unspecified exports is accounted for by exports from India valued at \$7,825,000 for which commodity detail is unavailable and by exports for which commodity detail is entirely lacking in all or part of 1955 (indicated in the following by the months for which no detail is included), exports valued at \$5,710,000 from Burma (October-December), \$9,893,000 from Iran (July-December), \$1,997,000 from Lebanon (January-December), and \$2,059,000 for French West Africa (January-December).

⁸ Figure shown is balancing figure and is less than the sum of other and unspecified merchandise by \$6,439,000, the total of the column headed "Soviet Bloc in Eastern Europe."

⁹ Includes certain exports from the Federal Republic of Germany to the Soviet Zone of Germany which are not shown above because they are reported in broad categories, as follows: stones, earths and their manufactures, valued at \$670,000; other minerals and their products, \$138,000; wood and cork manufactures, \$679,000 and other and unspecified wood, \$363,000.

¹⁰ Includes exports from the Netherlands to China valued at \$875,000, representing a combined total of synthetic fibers, coal-tar dyestuffs and chemical fertilizers for which value detail is not available.

NOTE.—Leaders indicated negligible values or no trade.

Free-world imports from Soviet bloc countries by commodity groups, January-December 1955

[Value in thousands of United States dollars]

Commodity	Total to Soviet bloc	Total to Soviet bloc in Europe	Albania	Bulgaria	Czechoslovakia	Soviet Zone of Germany	Hungary	Poland	Rumania	U.S.S.R.	Soviet bloc in Eastern Europe ¹	China ²
Imports, total.....	2,418,388	1,914,347	292	24,664	344,149	292,541	144,255	355,814	119,365	632,861	-----	494,425
Food.....	503,763	309,098	-----	7,272	31,676	13,495	52,909	84,463	24,478	94,120	669	194,661
Live animals, chiefly for food.....	40,995	11,179	-----	309	280	3	10,213	17	347	10	-----	29,816
Meat and meat preparations.....	74,912	65,454	-----	155	1,203	412	9,817	51,702	351	1,714	100	9,458
Butter.....	5,297	5,297	-----	14	-----	-----	2,261	3,022	-----	-----	-----	-----
Eggs.....	45,329	18,596	-----	2,970	11	731	4,215	10,523	146	-----	-----	26,733
Other and unspecified dairy products; honey.....	1,614	1,468	-----	-----	153	-----	1,271	-----	22	-----	22	146
Fish and fish preparations.....	21,983	12,607	-----	-----	-----	43	46	564	33	11,911	10	9,376
Cereals and cereal preparations.....	150,230	106,411	-----	927	16,196	2,661	13,943	3,505	19,110	50,051	18	43,819
Wheat and wheat flour.....	44,532	44,532	-----	92	1,380	-----	6,122	-----	3,361	33,577	-----	-----
Rice and rice flour.....	41,737	950	-----	34	8	-----	836	-----	1	70	1	40,787
Barley.....	4,845	4,413	-----	-----	1,922	-----	-----	439	-----	2,052	-----	432
Corn.....	23,059	23,038	-----	701	-----	-----	4,729	-----	15,722	1,886	-----	21
Other and unspecified cereals and cereal preparations.....	36,057	33,478	-----	100	12,886	2,661	2,256	3,066	26	12,466	17	2,579
Fruits and vegetables.....	66,145	21,793	-----	2,218	5,229	304	7,757	5,107	434	445	299	44,348
Sugar and sugar preparations.....	41,353	41,229	-----	-----	7,845	7,537	1,186	9,572	-----	14,996	77	124
Tea.....	25,935	2	-----	-----	-----	-----	-----	-----	-----	2	-----	25,933
Coffee, cocoa, spices, and preparations.....	4,169	1,125	-----	38	152	1	556	144	138	-----	96	3,044
Feeding stuff for animals.....	19,000	18,598	-----	179	2	-----	840	197	3,525	13,840	15	402
Other and unspecified foods.....	6,801	5,339	-----	462	605	1,803	804	110	372	1,151	32	1,462
Beverages and tobacco.....	11,034	8,394	-----	5,452	444	195	856	57	7	1,223	160	2,640
Beverages.....	2,992	1,250	-----	19	433	30	611	56	1	23	77	1,742
Tobacco and tobacco manufactures.....	8,042	7,144	-----	5,433	11	165	245	1	6	1,200	83	893
Crude materials, inedible, except mineral fuels.....	565,084	391,348	125	3,715	35,132	18,080	7,386	37,235	29,252	259,791	632	164,644
Hides and skins, undressed.....	3,486	997	-----	22	59	-----	-----	835	1	73	7	2,489
Fur skins, undressed.....	32,749	29,055	81	59	878	45	50	13	389	27,532	8	2,503
Soybeans.....	42,696	678	-----	617	-----	-----	2	-----	59	-----	-----	42,018
Other and unspecified oilseeds, oilnuts, and oil kernels.....	31,587	5,480	-----	1,500	336	277	904	732	1,665	3	63	26,107
Crude rubber, including synthetic and reclaimed.....	2,175	2,175	-----	-----	-----	2,087	-----	-----	-----	86	2	-----
Fuelwood and charcoal.....	2,239	795	-----	-----	563	33	-----	18	181	-----	-----	1,444
Wood in the round or simply worked.....	200,936	200,396	-----	193	22,141	1,223	20	28,225	24,557	123,728	9	540
Pulp and waste paper.....	13,218	13,218	-----	-----	1,690	-----	35	-----	-----	11,493	-----	-----
Textile fibers.....	101,288	62,299	-----	482	831	82	463	2,043	211	57,977	210	31,088
Silk.....	11,992	869	-----	224	-----	-----	83	-----	-----	476	86	11,123
Cashmere goat hair.....	9,586	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	2,573
Wool and other animal hair, except cashmere.....	17,861	3,268	-----	13	600	-----	50	1,075	63	1,424	43	13,705
Cotton.....	57,109	55,215	-----	46	-----	-----	11	-----	64	55,088	6	1,894
Jute and other vegetable fibers.....	3,251	1,487	-----	177	91	-----	122	106	48	923	20	1,764
Other and unspecified textile fibers.....	1,489	1,460	-----	22	140	82	197	862	36	66	55	29
Crude fertilizers and minerals, except coal, petroleum, and precious stones.....	44,443	34,137	-----	48	4,191	12,581	1,148	1,851	391	13,789	138	10,306
Natural phosphates.....	6,145	6,145	-----	-----	45	-----	2	-----	-----	6,098	-----	-----
Crude potash salts.....	10,445	10,445	-----	-----	-----	10,445	-----	-----	-----	-----	-----	-----
Other and unspecified crude fertilizers.....	1,238	1,013	-----	20	-----	379	-----	40	27	526	21	225
Crude minerals, except fertilizers and fuels.....	26,615	16,534	-----	28	4,146	1,757	1,146	1,811	364	7,165	117	10,081
Metalliferous ores and metal scrap.....	22,812	21,727	20	210	2,778	146	243	6	4	18,316	4	1,085
Iron ore and concentrates.....	917	18	-----	-----	-----	-----	-----	-----	-----	18	-----	899
Iron and steel scrap.....	1,872	1,829	-----	-----	-----	-----	-----	-----	4	1,825	-----	43
Manganese ore and concentrates.....	12,286	12,286	-----	-----	-----	-----	-----	-----	-----	12,286	-----	-----
Chromium ore and concentrates.....	2,539	2,539	20	-----	-----	146	-----	-----	-----	2,373	-----	-----
Other and unspecified ores of nonferrous base metals and concentrates.....	2,278	2,171	-----	210	143	-----	-----	-----	-----	1,814	4	107
Nonferrous metal scrap.....	2,920	2,884	-----	-----	2,635	-----	243	6	-----	-----	-----	36
Animal and vegetable crude materials, inedible.....	66,881	20,038	24	580	1,642	1,461	4,443	3,444	1,475	6,778	191	46,843
Bristles.....	20,316	5,539	-----	36	53	-----	7	718	60	4,634	31	14,777
Feathers.....	13,338	5,260	-----	39	674	-----	2,317	1,248	821	161	-----	8,078
Other and unspecified crude animal materials.....	4,238	1,668	-----	1	135	18	156	316	19	956	67	2,570
Vegetable materials for plaiting, including bamboo.....	2,453	385	-----	-----	-----	-----	304	81	-----	-----	-----	2,068
Plants, seeds, and parts of plants, mainly for use in medicines or perfumery.....	12,004	1,670	-----	264	48	1	416	110	152	679	-----	10,334
Other and unspecified crude vegetable materials.....	14,327	5,315	24	141	693	1,425	1,216	966	418	339	93	9,012
Unspecified animal and vegetable crude materials.....	205	201	-----	99	39	17	27	5	5	9	-----	4
Unspecified crude materials.....	574	353	-----	4	23	145	113	33	19	16	-----	221
Mineral fuels, lubricants and related materials.....	402,245	400,444	-----	99	14,466	66,174	3,372	156,340	49,788	110,162	43	1,801
Coal, coke, and briquettes.....	259,521	257,720	-----	74	12,964	49,990	561	154,543	1	39,587	-----	1,801
Petroleum, crude and partly refined.....	15,376	15,376	-----	-----	-----	-----	-----	-----	-----	15,376	-----	-----
Gasoline and other light oils for similar uses.....	28,415	28,415	-----	-----	167	3,966	6	-----	15,268	9,008	-----	-----
Gas oil, diesel oil, and other fuel oils.....	45,271	45,271	-----	-----	1	3,373	348	121	19,758	21,670	-----	-----
Other and unspecified petroleum and products.....	53,043	53,043	-----	25	1,161	8,547	2,457	1,528	14,761	24,521	43	-----
Gas, natural and manufactured; electric energy.....	619	619	-----	-----	173	298	-----	148	-----	-----	-----	-----
Animal and vegetable oils and fats.....	23,394	6,933	-----	811	53	141	4,944	39	52	877	16	16,461
Tung oil.....	10,817	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	10,817
Other and unspecified animal and vegetable oils and fats.....	12,577	6,933	-----	811	53	141	4,944	39	52	877	16	5,644

Footnotes at end of table.

Free-world imports from Soviet bloc countries by commodity groups, January–December 1955—Continued

[Value in thousands of United States dollars]

Commodity	Total to Soviet bloc	Total to Soviet bloc in Europe	Albania	Bulgaria	Czechoslovakia	Soviet Zone of Germany	Hungary	Poland	Rumania	U.S.S.R.	Soviet bloc in Eastern Europe ¹	China ²
Chemicals.....	124,482	108,568	-----	1,560	14,137	54,156	4,216	16,712	458	16,831	498	15,914
Inorganic chemicals.....	22,849	21,762	-----	394	2,776	14,068	519	2,359	169	1,365	112	1,087
Organic chemicals.....	20,026	18,005	-----	-----	3,753	10,617	165	876	76	2,452	66	2,021
Mineral tar and crude coal-tar chemicals.....	18,002	17,618	-----	-----	4,434	289	27	4,944	-----	7,897	27	384
Coal-tar dyestuffs and natural indigo.....	3,073	3,055	-----	-----	322	707	437	804	22	741	22	18
Pigments, paints, varnishes, and related materials.....	3,157	2,256	-----	12	432	384	615	478	67	177	91	901
Other and unspecified dyeing, tanning, and coloring materials.....	216	104	-----	-----	33	-----	-----	20	-----	51	-----	112
Medicinal and pharmaceutical products.....	3,638	2,423	-----	-----	386	367	1,193	226	4	205	42	1,215
Essential oils and perfume materials; toilet, polishing, and cleansing preparations.....	7,457	2,293	-----	1,033	43	286	322	169	1	411	28	5,164
Fertilizers, manufactured.....	25,246	25,245	-----	-----	4	23,035	347	157	-----	1,702	-----	1
Nitrogenous fertilizers and fertilizer materials.....	4,779	4,779	-----	-----	-----	2,736	260	111	-----	1,672	-----	-----
Potassic fertilizers and fertilizer materials.....	20,217	20,217	-----	-----	-----	20,181	-----	6	-----	30	-----	-----
Other and unspecified manufactured fertilizers.....	250	249	-----	-----	4	118	87	40	-----	-----	-----	1
Explosives.....	507	293	-----	-----	53	48	118	12	-----	-----	62	214
Synthetic plastic materials in primary forms.....	2,770	2,770	-----	-----	324	2,339	81	1	-----	25	-----	-----
Other and unspecified chemicals.....	17,541	12,744	-----	121	1,577	2,016	392	6,666	119	1,805	48	4,797
Manufactured goods classified chiefly by material.....	457,016	395,817	-----	3,721	135,217	51,426	35,015	43,529	7,837	117,315	1,708	61,199
Furs, dressed, except clothing.....	8,364	7,532	-----	-----	535	440	683	-----	1	5,847	26	832
Rubber manufactures, except clothing and footwear.....	3,039	3,039	-----	1	1,967	518	433	3	-----	52	65	-----
Wood manufactures.....	20,818	19,484	-----	50	3,027	579	7	1,361	524	13,850	86	1,334
Paper, paperboard, and manufactures.....	26,820	18,969	-----	2	7,712	4,892	37	1,923	713	3,580	110	7,851
Textile yarn, fabrics and manufactures, except clothing.....	124,111	82,220	-----	1,694	22,982	22,671	17,188	10,851	33	6,285	467	41,891
Silk yarn, fabrics, and manufactures.....	7,749	6	-----	-----	-----	5	1	-----	-----	-----	-----	7,743
Wool and hair yarn, fabrics, and manufactures.....	4,699	4,681	-----	94	2,022	781	174	1,546	5	59	-----	18
Cotton yarn, fabrics, and manufactures.....	62,869	41,803	-----	50	13,697	2,466	11,908	7,488	24	6,054	116	21,066
Synthetic fiber yarn, fabrics, and manufactures.....	6,719	6,467	-----	1,493	1,590	1,256	1,379	699	-----	1	-----	252
Other and unspecified yarn, fabrics, and manufactures.....	42,075	29,263	-----	57	5,673	18,163	3,726	1,118	4	171	351	12,812
Nonmetallic mineral manufactures.....	80,325	76,928	-----	1,075	29,080	15,268	4,278	17,116	6,351	3,340	390	3,397
Cement.....	32,283	31,999	-----	608	5,574	1,788	2,804	12,660	5,302	3,252	11	284
Other and unspecified lime, cement, and fabricated construction materials, except glass.....	7,362	6,870	-----	90	4,479	2,002	172	55	-----	-----	72	492
Other mineral manufactures, except pottery and glass.....	2,894	2,791	-----	-----	1,132	828	241	503	6	5	76	103
Glass, glassware, and pottery.....	37,627	35,129	-----	377	17,815	10,647	1,052	3,887	1,064	56	231	2,498
Unspecified nonmetallic mineral manufactures.....	159	139	-----	-----	80	3	9	11	9	27	-----	20
Silver, platinum, gems, and jewelry.....	44,416	42,641	-----	171	17,859	106	516	-----	-----	23,925	64	1,775
Silver, unworked and partly worked.....	10,372	10,372	-----	171	-----	-----	-----	-----	-----	10,201	-----	-----
Platinum.....	26,894	26,894	-----	-----	13,885	-----	-----	-----	-----	13,009	-----	-----
Other and unspecified platinum group metals.....	1,956	1,956	-----	-----	1,230	-----	112	-----	-----	614	-----	-----
Other and unspecified silver, platinum, gems, and jewelry.....	5,194	3,419	-----	-----	2,744	106	404	-----	-----	101	64	1,775
Base metals and manufactures.....	147,890	143,913	-----	724	51,616	6,651	11,726	12,159	184	60,423	430	3,977
Pig iron.....	25,190	25,190	-----	-----	-----	-----	-----	329	-----	24,861	-----	-----
Ferroalloys.....	5,765	5,765	-----	-----	323	1,320	48	818	-----	3,127	129	-----
Other and unspecified iron and steel and semi-manufactures.....	76,260	75,597	-----	304	39,588	487	7,374	6,172	155	21,390	127	663
Nickel and semimanufactures.....	568	568	-----	-----	-----	-----	-----	-----	-----	568	-----	-----
Aluminum and semimanufactures.....	6,829	6,802	-----	-----	1,246	-----	1,387	247	-----	3,917	5	27
Lead and semimanufactures.....	291	291	-----	-----	291	-----	-----	-----	-----	-----	-----	-----
Zinc and semimanufactures.....	5,981	5,981	-----	-----	88	17	-----	2,313	-----	3,485	78	-----
Tin and semimanufactures.....	149	149	-----	-----	-----	19	109	-----	-----	21	-----	-----
Other and unspecified base metals and semimanufactures.....	1,658	750	-----	-----	118	157	3	7	-----	446	19	908
Arms and ammunition.....	1,118	1,118	-----	-----	399	707	2	-----	-----	-----	10	-----
Manufactures of metals.....	19,640	17,346	-----	420	8,071	2,460	2,382	2,132	29	1,815	37	2,294
Other and unspecified metals and manufactures.....	4,441	4,356	-----	-----	1,492	1,484	421	141	-----	793	25	85
Unspecified manufactured goods classified chiefly by material.....	1,233	1,091	-----	4	430	301	147	116	1	13	70	142
Machinery and transport equipment.....	145,396	143,890	-----	226	55,401	47,976	18,033	5,729	229	15,862	434	1,506
Machinery other than electric.....	68,308	67,154	-----	67	23,808	35,411	3,929	2,162	27	1,450	300	1,154
Power-generating machinery, except electric.....	3,727	3,717	-----	16	2,392	583	555	68	19	34	50	10
Agricultural machinery and implements.....	1,662	1,662	-----	-----	804	573	66	175	4	17	23	-----
Tractors, other than steam.....	5,338	5,338	-----	-----	4,905	13	2	252	-----	144	22	-----
Office machinery.....	11,279	11,266	-----	-----	494	10,732	1	-----	-----	-----	39	13
Metalworking machinery.....	17,666	17,608	-----	41	6,609	7,770	1,865	1,140	3	87	93	58
Conveying, hoisting, excavating, road-construction and mining machinery.....	1,645	1,548	-----	-----	653	200	339	5	-----	351	-----	97
Paper mill, pulp mill, and paper processing machinery.....	506	506	-----	-----	88	390	-----	-----	-----	28	-----	-----
Textile machinery and accessories.....	7,275	7,105	-----	-----	2,270	4,645	37	145	-----	-----	8	170
Sewing machines.....	3,416	2,662	-----	-----	939	1,460	137	-----	-----	126	-----	754
Other and unspecified mining, construction, and industrial machinery.....	12,471	12,461	-----	2	3,367	7,351	748	359	1	568	65	10
Unspecified non-electrical machinery.....	3,323	3,281	-----	8	1,287	1,694	179	18	-----	95	-----	42
Electric machinery, apparatus, and appliances.....	17,254	17,030	-----	159	5,587	4,413	6,104	613	1	66	87	224
Transport equipment.....	53,244	53,118	-----	-----	23,487	8,094	6,501	683	201	14,120	32	126
Railway vehicles.....	7,683	7,653	-----	-----	199	-----	4,303	23	-----	3,158	-----	-----
Road motor vehicles.....	40,772	40,772	-----	-----	20,914	6,938	1,332	628	1	10,938	21	-----
Road vehicles, other than motor vehicles.....	3,604	3,379	-----	-----	1,970	511	860	24	-----	4	10	125
Aircraft.....	130	130	-----	-----	129	-----	-----	-----	-----	-----	1	-----
Ships and boats.....	267	267	-----	-----	16	51	-----	-----	200	-----	-----	-----
Unspecified transport equipment.....	888	887	-----	-----	259	594	6	8	-----	20	-----	1
Unspecified machinery and transport equipment.....	6,500	6,588	-----	-----	2,519	58	1,499	2,271	-----	226	15	2

Footnotes at end of table.

Free world imports from Soviet bloc countries by commodity groups, January-December 1955—Continued

[Value in thousands of United States dollars]

Commodity	Total to Soviet bloc	Total to Soviet bloc in Europe	Albania	Bulgaria	Czechoslovakia	Soviet Zone of Germany	Hungary	Poland	Rumania	U.S.S.R.	Soviet bloc in Eastern Europe ¹	China ²
Miscellaneous manufactured articles.....	81,500	71,047	49	135	24,321	32,877	8,518	3,125	69	1,251	702	10,453
Clothing.....	21,033	18,961			3,936	10,875	3,739	329	2	52	28	2,072
Footwear.....	6,074	5,959			5,144	83	622	63			47	115
Professional and scientific instruments and apparatus.....	8,160	8,143	1		1,769	5,642	450	127		72	82	17
Photographic and motion-picture supplies and film.....	4,067	4,052			91	2,429	814	245		338	135	15
Other and unspecified manufactured articles.....	42,166	33,932	48	135	13,381	13,848	2,893	2,361	67	789	410	8,231
Miscellaneous transactions and commodities.....	3,318	2,851		91	859	261	939	571	31	24	75	467
Other and unspecified merchandise ³	6 101,156	6 75,957	118	1,582	32,443	7 7,760	8,067	8,014	7,164	15,405		24,679

¹ Includes imports from the Soviet bloc countries in Europe which could not be broken down by individual countries.

² China data as far as possible refer to Mainland (Communist) China, including Manchuria, Inner Mongolia, and Tibet. The following are known exceptions to this rule: Algeria, Chile, France, Iran, Italy, Spain, and Syria include Taiwan; Austria, Norway and the United Kingdom include Outer Mongolia; Australia excludes Manchuria; Egypt includes Mongolia; Indonesia includes Outer Mongolia and excludes Manchuria; Ireland includes Taiwan and excludes Manchuria; Switzerland includes Taiwan, Hong Kong and Macao; Portugal includes Taiwan and excludes Inner Mongolia.

³ Includes imports from East Austria of sugar valued at \$16,000; and imports from Bulgaria and Rumania which were not reported separately, valued at \$390,000, consisting of synthetic fiber fabrics, \$49,000, and other and unspecified merchandise, \$341,000. Totals do not include gold imports which amounted \$3,846,000, consisting of \$3,690,000 admitted by France from Czechoslovakia on a temporary basis; \$56,000 imported by the Federal Republic of Germany from Poland for commercial use; and \$5,100,000 returned to Iran from U. S. S. R. where it was deposited to Iran's account during World War II.

⁴ Includes imports from Outer Mongolia valued at \$9,614,000, consisting of fruits and vegetables valued at \$4,000; fur skins, undressed, \$1,191,000; cashmere goat hair, \$7,013,000; other wool and animal hair, \$888,000; and other and unspecified merchandise, \$518,000. Also includes imports from North Korea of other and unspecified merchandise valued at \$2,000.

⁵ The major share of unspecified imports is accounted for by imports from India valued at \$17,717,000 for which commodity detail is unavailable and by imports for which commodity detail is entirely lacking in all or part of 1955 (indicated in the following by the months for which no detail is included), imports valued at \$2,724,000 into Burma (October-December), \$10,942,000 into Iran (July-December), \$2,093,000 into French West Africa (January-December), \$5,168,000 into Iraq (January-December), \$6,316,000 into Lebanon (January-December), \$5,512,000 into Syria (January-December), and \$9,165,000 into Vietnam.

⁶ Figure shown is balancing figure and is less than the sum of other and unspecified merchandise by \$4,937,000, the total of the column headed "Soviet bloc in Eastern Europe."

⁷ Includes certain imports into the Federal Republic of Germany from the Soviet Zone of Germany which are not shown above because they are reported in broad categories, as follows: clay, kaolin, coloring earths, and their manufactures, \$696,000; stone, slate, asphalt, and their manufactures, \$396,000; slag and slag products, \$996,000; other stones, earths and their manufactures, \$1,251,000; miscellaneous mineral products, \$518,000; wood and cork manufactures, \$485,000; and other and unspecified wood, \$34,000.

NOTE.—Leaders indicate negligible values or no trade.

NATIONS MAKING TRADE PACTS WITH POTENTIAL ENEMIES LISTED

Mr. MALONE. I also ask that a list of nations, together with the trade agreements which have been made with our actual or potential enemies by the countries which we are financing today, and have been financing since World War II, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Trade and/or payments agreements between the Soviet bloc and the free world, Dec. 31, 1956, and June 14, 1957

	Estimated number as of June 14, 1957 ¹		Estimated number as of Dec. 31, 1956
	Number	Increase over 1956	
Europe:			
Austria.....	7	0	7
Belgium.....	6	-1	7
Denmark.....	7	0	7
Finland.....	7	0	8
France.....	8	0	8
Germany.....	6	0	6
Iceland.....	6	0	6
Italy.....	8	0	8
Netherlands.....	6	0	6
Norway.....	7	0	7
Portugal.....	4	0	4
Sweden.....	7	0	7
Switzerland.....	6	0	6
United Kingdom.....	4	0	4
Yugoslavia.....	8	-1	9
Total.....	97	-2	100
South Asia:			
Afghanistan.....	3	0	3
Ceylon.....	5	-1	6
India.....	8	0	8
Pakistan.....	4	0	4
Total.....	20	-1	21

Trade and/or payments agreements between the Soviet bloc and the free world, Dec. 31, 1956, and June 14, 1957—Continued

	Estimated number as of June 14, 1957 ¹		Estimated number as of Dec. 31, 1956
	Number	Increase over 1956	
Southeast Asia:			
Burma.....	6	-2	8
Cambodia.....	2	0	2
Indonesia.....	7	1	6
Total.....	15	-1	16
Middle East:			
Egypt.....	7	0	7
Ethiopia.....	1	0	1
Greece.....	7	0	7
Iran.....	4	0	4
Israel.....	5	0	5
Lebanon.....	8	0	8
Morocco.....	1	1	0
Sudan.....	4	0	4
Syria.....	9	0	9
Turkey.....	7	0	7
Yemen.....	3	0	3
Total.....	56	1	55
Latin America:			
Argentina.....	5	0	5
Brazil.....	2	-1	3
Colombia.....	2	1	1
Mexico.....	1	0	1
Paraguay.....	3	0	3
Uruguay.....	7	1	6
Total.....	20	1	19
Other:			
Canada.....	1	0	1
Australia.....	1	1	0
Grand total.....	210	-2	212

¹ No information is available indicating that the agreements between Yugoslavia-East Germany, Indonesia-Poland, Brazil-Poland, Finland-Communist China, Ceylon-Poland, Belgium-East Germany, Cambodia-Communist China and Burma-Communist China-Bulgaria have been specifically extended to June 14, 1957. Since these pacts do not provide for tacit renewal they are not included in this list.

NOTE.—Includes agreements known to be in force, agreements which are assumed to have been tacitly renewed, and newly signed agreements of uncertain date of entry into force.

ICA DISTRIBUTING AGENCY FOR TAXPAYERS' CASH

Mr. MALONE. We now come down to what is called the ICA, that being the latest name for the distribution of the American taxpayers' cash. I have not made an accurate count of the number of names in this organization. It is a rather loosely operated agency. I understand it is becoming very difficult at present to obtain men to take jobs with it, because they are beginning to realize that the American taxpayer is waking up to just what kind of deal he has been getting. They are not quite sure about it yet.

One of the things which has mystified me during the 11 years I have been a Member of the Senate is this: Coming here, as I did, fresh from a business, to my mind there was only one office above that of Senator, and that was President of the United States.

A Senator of the United States then, was someone to look up to, to trust, to depend upon. Therefore he was not someone that one had to check upon to find out what he was trying to do with the taxpayers' money. One trusted the United States Senate, as the greatest body on earth; and it was. I will not say it is, Mr. President. I will not say that I believe it is. I will say that I believe it was.

The people of the United States also trust a President. They almost worship him. We have seen it with our own eyes. It does not depend so much upon who the individual is; if he is President of the United States, the people almost worship him—and he will let them do it. They refuse to believe that he is not looking out for their interests.

VALUE OF DOLLAR CONTINUALLY SHRINKING

The Senate comes next, and then the House. Times are changing very fast in this country; and it will be a terrible

Footnote at end of table.

loss to the Congress when the people of the Nation wake up—and they are beginning to wake up—to the fact that the value of their money is being destroyed. When they put \$2 in the bank one day, the next day it is worth \$1.98.

This process started in 1934. It did not start in 1952 or 1957. I am attending the hearings before the Senate Committee on Finance, which I hope will result in one of the greatest reports ever made in the Congress. I cannot guarantee it, but I hope so, if we stay on the subject.

PURCHASING POWER OF THE DOLLAR DWINDLING RAPIDLY

For 24 years we have been destroying the purchasing power of the dollar for which workingmen work with their hands. The thrifty ones try to save enough to invest in a business.

We saw the time, not long since, when a \$1,000 10-year bond was sold for \$750. At the end of the 10-year period it was worth less in purchasing power than the \$750 paid for it in the first instance.

When we do that we are robbing the people. We are stealing their money. It can be called nothing else. The sad part is that Members of this body know it. How could they help it? They are intelligent men. They know that they are not stopping inflation. They know that there has been no serious effort to stop it for 24 years.

LIFETIME SAVINGS OF MANY AGED CITIZENS NOW WIPED OUT BY INFLATION

What was the result? The savings of the old people who retired 15 years ago or 10 years ago have been destroyed. They have to go back to live with relatives, or, if they were able to do so, they tried to get work again.

The insurance which people had taken out to educate their children, when the children were 2 or 3 or 4 years old, would not even start them in college when they reached the age of 17 or 18. Members of this body know it, and they do nothing about it.

TESTIMONY OF SECRETARY HUMPHREY BEFORE FINANCE COMMITTEE VALUABLE

Testimony is available now to every Senator. It is testimony given before the Committee on Finance, and volume I of that testimony has already been printed and is available to every Senator. There was the testimony of the Secretary of the Treasury to the effect that the fixing of the interest on the bonds which are to be sold was his duty. He had the duty to fix the interest rate. He said he did his best to fix the interest rate high, so that the bonds would sell. Of course, the value of the money fixed it for him. However, in the last analysis, it was his judgment whether a bond carried 2 percent or 3 percent or 4 percent or 5 percent interest, or even 10 percent interest. The bonds had to sell.

He testified that the Federal Reserve Board could determine the amount of money in circulation. Any 7-year-old schoolchild knows that the amount of money in circulation will ultimately fix its value. There is no mystery about that.

MORE IMPORTANT TESTIMONY GIVEN

Mr. MARTIN, who is currently appearing before the Committee on Finance, is

the man who, with his board, can determine, to the best of his judgment, how much money ought to be in circulation.

CONSTITUTIONAL POWERS DISSIPATED BY CONGRESS

The Constitution provides that Congress shall issue money and fix its value. The Constitution also states that Congress shall regulate foreign trade. However, it is no longer that way. Senators who are interested will find, by digging a little into the matter, that about all this body has left is the fixing of the tax rate.

Under my questioning, something else was developed. I asked the Secretary of the Treasury a certain question. He kept referring to the fact that Congress controlled the appropriations. I got a little tired of hearing that, and I said, "Is that so? Would you mind digging up the RECORD for about 20 years, and put in the RECORD the recommendations that came from the White House and what was actually appropriated?"

I said, I did not think it would vary 3 percent. It did vary at one time, but not now.

Congress fixes nothing. It follows orders. I cannot tell where along the line Congress lost it, its authority and its courage, but it lost it. It lost it in connection with the regulation of the trade and the national economy, and lost it in regulating the amount of money to be appropriated. Congress does not move without asking what the White House wants. Congress is afraid to do anything.

PROFESSED OBJECTIVES OF FOREIGN AID EXAMINED

Mr. President, what are the real objectives of foreign aid? According to the testimony of administration promoters of the program, the primary objectives are:

First. To provide military equipment to other countries. I want to say on that point that most of the military equipment has been used to do things that we do not countenance, and a great deal of it has fallen into the hands of our enemies, as it did in Indochina and in other places, when a country falls, which it always does.

Second. To provide economic aid which will compensate the other countries for expenditures they are making in their own behalf for defense.

Third. To assist in the economic development of other nations.

WIDE UNDEVELOPED AREAS OF UNITED STATES RECEIVE NO HELP WHILE AID POURS OUT TO FOREIGN COUNTRIES

I have heard a great deal about the development of underdevelopment areas and undeveloped areas. I want to state for the RECORD that a very small percent of the United States has been geologically mapped.

If any Senators want to see some undeveloped areas, and will spend a few weeks with me after the Senate finally gets through with its work—if we can call it that—and spending taxpayers' money, I will show them in the United States some really undeveloped country, and also areas of the country which have been developed and which have gone back to the savage state because of

inflation or because of the things that I have described today.

Half of the people who are talking about undeveloped areas have never been west of the Potomac River or west of the Hudson River. They would not know what we are talking about. They would not recognize an undeveloped area if they say it, particularly if they saw it in the United States. It looks good on paper to talk about undeveloped areas. Those people are not trying to improve our own vast undeveloped areas; they are trying to do 1 of 2 things, stay on the payroll or save the world.

FOREIGN AID MEMORANDUM

The salesmen of the program which is costing our taxpayers \$4 billion a year make it sound very attractive and entirely altruistic.

When they come up here on Capitol Hill to testify before committees they profess a mission to save the world.

In their own offices, I suspect, there are also other motives.

A memorandum of the International Cooperation Commission which I have here, issued last December, adds to my suspicions.

It is titled "ICA Policy Relating to Worldwide Procurement."

That policy is to obtain commodities for ICA distribution to foreign countries at the lowest free world price at which they can be obtained anywhere in the world.

ICA TEXTILE PURCHASES IN JAPAN

If the lowest price can be obtained in Japan, as happens to be the case with textiles, ICA procures its textiles from Japan.

The ICA memorandum states frankly:

In 1955-56, Japan was the largest beneficiary of the ICA world wide procurement policy, including offshore procurement of basic textiles.

ICA purchases in Japan totaled \$66,139,000.

That should make our American textile men and workers suffering from imports of low-cost Japanese textiles a little skeptical of the advantages to them of foreign aid.

At the same time it knocks the props out of the argument of the foreign-aid promoters that one objective is to assist in the economic development of a nation.

When they buy offshore goods in the lowest cost market—the lowest cost foreign market, that is—they are putting a premium on low wages and low living standards.

JAPANESE TEXTILES CHEAPEST BECAUSE WAGE RATES LOWEST

Japanese textiles are cheap because Japanese textile workers get 13 to 19 cents an hour.

As long as Japanese employers keep wages lower than anywhere else in the world they can enjoy the millions of dollars shelled out to them by ICA's procurement agents.

So the real ICA objective is not merely low-cost goods but cheap labor and low wages.

Foreign workers are not dumb.

When they see a policy of another country working to keep their own wages at minimum levels they must consciously

or subconsciously resent both the policy and the country that laid it down.

They are not concerned about the profits accruing to their employers through having ICA as a customer. They know and the employer knows that the reason ICA is a customer is that nowhere are prices and wages lower in the particular item they produce and sell to ICA.

ICA POLICY HOLDS WORLD WAGES TO LOWEST LEVELS

The employer knows that if he is to continue having ICA as a customer he must hold his wages down and if some other foreign country can get its labor cheaper he must meet the competition.

Mr. President, is it any wonder that throughout the low-wage countries of the world the working people are becoming more and more cynical about American idealism and more and more antagonistic toward the United States?

The riots and disorders that have occurred in other parts of the world to disturb our missions have all taken place in low-wage countries. We blame Communist agents and there is no doubt that Communist agents are active in fomenting these riots. They always are where there is a fertile field for such activity.

COST-WAGE POLICY PRESENTS FERTILE FIELD FOR COMMUNISM

And wherever foreign aid is subsidizing employers of low-wage or subsistence-wage labor and encouraging them through a misguided policy to keep wages at a minimum there is a fertile field for Communist agents and propaganda.

Mr. President, this brings me back to the real objectives of ICA as expressed in the Memorandum previously referred to.

The memorandum states:

In the management of procurement this means the obtaining of the lowest free-world price for the commodities furnished or purchased through the Mutual Security Act:

1. Development of strong mutually beneficial international trade relations among the nations of the free world.

2. Promoting a sounder basis for our own international trade in competition with that of the friendly nations. (Trade which requires aid to sustain it will create pressures to continue aid after the original justification has ceased.)

3. Sustaining the development of the economies of the friendly nations, including those we are giving direct assistance to at this time as well as those which are no longer receiving direct aid.

FOREIGN AID A SUBSIDY TO TRADE

Those are ICA's inner-office objectives, and they all boil down to trade. The real purpose of foreign aid is to increase foreign trade by subsidies paid out of the pockets of American taxpayers. Since World War II these subsidies have amounted to nearly \$60 billion, all to promote foreign trade.

Point No. 2 or objective No. 2 if you prefer is designed to perpetuate foreign aid forever.

ICA'S PRESSURE TACTIC

Let me read the second sentence of this ICA paragraph again.

Trade which requires aid to sustain it will create pressures to continue aid after the original justification has ceased.

What trade? Trade that requires aid to sustain it.

What effect? Such trade will create pressures.

What pressures? Why pressures to continue foreign aid after the original excuses for the foreign aid program have vanished.

One might examine this sentence further and ask what trade requires foreign aid to sustain it. That is simply trade that cannot stand on its own feet, trade that is artificial, unsound or uneconomic both from the standpoint of quality or quantity. Or it may be trade founded on such pitiful and abysmal wages that the producer refuses to pursue it without a perpetual subsidy.

Artificial trade in any form does not assist in the development of economies. If it does anything, it holds them down and ICA's lowest free-world-price policy is designed to hold wages and living standards down.

DISTRIBUTION OF ICA PROCUREMENT DOLLARS GIVEN

ICA will answer that irregardless of this policy it is purchasing most of the goods it supplies to foreign nations in the United States, that during the 1956 fiscal year of a total of \$912,899,000 spent on commodities \$624,520,000 were spent in the United States and \$288,379,000 in foreign countries. Thus the taxpayers, they will contend, got back more than two-thirds of the total expended on commodity procurement in wages, dividends, or profits.

Procurement of food and agricultural commodities was almost entirely in the United States, 96 percent, but that of miscellaneous fibers was only 5 percent, that of nonmetallic minerals 4 percent, and the percentage of metallic ores and concentrates procured for overseas distribution in the United States was so negligible that it was not recorded.

Thirty-six percent of the iron and steel mill material and products, including ferroalloys which ICA supplied to foreign countries was purchased in the United States and 64 percent abroad. Twenty-two percent of the nonferrous metals and products distributed by ICA were procured in the United States and 78 percent abroad. Forty-two percent of the lumber and lumber manufactures were bought in the United States and 58 percent abroad, all foreign purchases, of course, being made with American taxpayers' money.

POWER TO REMAKE INDUSTRIAL MAP OF NATION NOW HELD JOINTLY BY ICA AND STATE DEPARTMENT

Mr. President, I have observed on this floor on several occasions that the State Department through passage of the 1934 Trade Agreements Act, obtained the power to remake the industrial map of America. ICA now has obtained the same power through foreign-aid legislation passed by Congress.

If any particular industry is in disfavor as the metals and mining industries obviously have been through three administrations and as the textile industry seems to be, ICA can channel its purchases abroad to the cheapest market. If a particular industry is in favor ICA can concentrate its purchases at home.

ICA itself notes in its policy memorandum that there are exceptions to its policy of obtaining the lowest free world price when procuring commodities for foreign distribution. One exception imposed by Congress in previous acts affects purchases of surplus agricultural commodities. Perhaps that is the reason ICA has bought a larger percentage of agricultural products here and a smaller percentage abroad than any other item.

ICA PURCHASES IN FOREIGN COUNTRIES LISTED

Mr. President, I ask unanimous consent to have printed in the RECORD a list of foreign countries and the amounts paid to each in fiscal 1956 by ICA for commodities for foreign distribution.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Nonproject commodity expenditures during fiscal year 1956¹ by area of source, July 1, 1955-June 30, 1956

	Thousands of dollars
Grand total-----	912, 899
Source of procurement:	
United States-----	624, 520
Canada-----	11, 816
Far East-----	94, 328
Japan-----	66, 139
British overseas territories-----	14, 244
Indonesia-----	7, 154
China (Taiwan)-----	3, 414
Philippines-----	2, 951
Other countries-----	427
Near East, Africa, and south Asia-----	14, 519
Overseas territories-----	4, 379
Union of South Africa-----	3, 847
Israel-----	3, 099
India-----	2, 918
Other countries-----	276
Latin America-----	10, 174
Cuba-----	3, 071
Uruguay-----	2, 653
Dominican Republic-----	1, 549
Brazil-----	1, 054
Other countries-----	1, 847
Europe-----	156, 529
Germany (Federal Republic)-----	43, 113
France-----	39, 755
United Kingdom-----	31, 950
Italy-----	11, 643
Belgium-----	6, 772
Sweden-----	6, 108
Austria-----	5, 910
Switzerland-----	3, 712
Netherlands-----	2, 792
Denmark-----	1, 673
Other Europe-----	3, 102
Other countries-----	1, 013

¹ The above data do not include project expenditures during period fiscal year 1956 which were as follows:

	Thousands of dollars
Source:	
Worldwide-total-----	126, 715
United States-----	78, 754
Offshore-----	47, 961

ICA'S RESPONSE TO INQUIRE ON PROCUREMENT POLICY

Mr. MALONE. Mr. President, in connection with this program of world-wide procurement by ICA using taxpayers money I addressed a letter a year ago to John B. Hollister, administrator of ICA,

requesting certain information about the program and policy. A little more than a month later I received a reply from Guilford Jameson, Deputy Director for Congressional Relations, containing the information sought.

I ask unanimous consent that this correspondence be printed in the RECORD, as it provides data on ICA purchases in the United States and abroad prior to the current fiscal year.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

JUNE 13, 1956.

Mr. JOHN B. HOLLISTER,
Administrator, International Cooperation
Administration, Washington,
D. C.

DEAR MR. HOLLISTER: In numerous ICA bulletins offering procurement information to businessmen, the procurement source of many commodities is given as "worldwide." Please define this term for me, listing the countries which it includes, and those countries, if any, which it excludes.

For example, in ICA Bulletin No. 116 the procurement source for truck contracts for the benefit of Brazil is given as "worldwide." Does that mean that any American or foreign company manufacturing trucks abroad may bid on this contract, and if not, companies operating in which foreign countries may not so bid?

Procurement items for India, Pakistan, Indonesia, the Philippines, Spain, and Formosa also are listed in this bulletin for "worldwide" procurement, although many of these commodities are manufactured in the United States in ample supply to meet both domestic and export demand.

Kindly advise me also the total of ICA expenditures on foreign products and manufactures for foreign use or distribution, and the total of ICA expenditures on products and manufactures of the United States and its possessions for use or distribution abroad.

I would appreciate similar information with regard to the respective totals on expenditures by predecessor foreign-aid agencies since adoption of the Marshall plan. This information is needed for legislative purposes.

Sincerely yours,

GEORGE W. MALONE,
United States Senator.

INTERNATIONAL COOPERATION
ADMINISTRATION,
Washington, D. C., July 17, 1956.

HON. GEORGE W. MALONE,
United States Senate,
Washington, D. C.

DEAR SENATOR MALONE: Reference is made to your letter of June 13, 1956, receipt of which I acknowledged on June 18. In your letter, you asked for clarification of the term "worldwide" and for certain statistical data regarding purchases financed by the International Cooperation Administration and its predecessor agencies.

The term "worldwide" as defined in this agency's Geographic Code Book means: Any country in the world except those listed below (and the participating country itself when used as a possible source for purchases):

Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland (including Danzig), Rumania, China mainland (including Singkiang, Manchuria, and Tibet), North Korea, Vietnam (North of the 17th parallel), and the U. S. S. R. (including Estonia, Latvia, South Sakhalin, and the Kurile Islands, formerly Japanese territories under U. S. S. R. administration).

The term does mean that the materials authorized may be purchased from any eligi-

ble source country. The procurement policy of the International Cooperation Administration is to encourage the purchase of commodities, equipment, or materials financed under its programs at the lowest cost, all other relevant factors being equal.

This is not to be interpreted as making "lowest cost" the only governing factor in determining source of procurement; there is a need to make certain that bids by or purchases from foreign suppliers are evaluated in terms of other relevant factors, such as quality, specification and design, terms of delivery, etc., as well as price, so as to insure that the United States and the beneficiaries of our dollar aid will receive full value for the expenditures.

In authorizing worldwide procurement, the International Cooperation Administration takes care to insure that the United States is always included as a source and that American industry has the opportunity to participate in all ICA-financed procurement through the wide publicity given procurement, as well as through this agency's insistence on adequate and comparable quality standards. It is believed that the foreign interests of the United States and the purposes of the Mutual Security Act are best served by a policy which permits all free-world countries, including the United States, to compete for ICA-financed procurement.

During the period from April 3, 1948, to June 30, 1955, the predecessor agencies of ICA expended \$14,464,321,000 for commodities, of which \$10,113,102,000 came from United States suppliers. For the 8-month period from the establishment of ICA on July 1, 1955, through February 28, 1956, a total of \$609,365,000 was expended, of which \$394,209,000 went to suppliers in the United States.

Trusting that this is the information you require, I remain,

Sincerely yours,

GUILFORD JAMESON,
Deputy Director for Congressional
Relations.

Mr. MALONE. ICA stands for International Cooperation Administration. I say that for the information of people who have not known of the fast changes in the names of late.

Mr. President, it is noteworthy that Mr. Jameson confirms what I have stated about the procurement policy of ICA. He states:

The procurement policy of the International Cooperation Administration is to encourage the purchase of commodities, equipment or materials financed under its programs at the lowest cost, all other relevant factors being equal.

FIFTEEN-CENT PER HOUR FOREIGN LABOR PREFERRED TO AMERICAN WAGE RATES

He speaks of the lowest cost. That means 15-cent an hour labor or no-cost labor all over the world, in competition with our labor, under conditions where a man lives in a home with curtains on the windows, who makes about \$15 or \$17 or \$20 a day.

Later on he states:

In authorizing worldwide procurement, the International Cooperation Administration takes care to insure that the United States is always included as a source and that American industry has the opportunity to participate in all ICA-financed procurement through the wide publicity given procurement, as well as through this agency's insistence on adequate and comparable quality standards.

It is believed that the foreign interests of the United States and the purposes of the Mutual Security Act are best served by a

policy which permits all free world countries, including the United States, to compete for ICA-financed procurement.

In other words, industries and wage earners must compete with those of foreign countries to get back a portion of their own tax dollars and in addition must compete on a lowest cost basis.

Competition on a low-cost basis usually is achieved by superior mechanization or a lowering of wage rates.

FOREIGN INDUSTRIES SUPPLIED WITH LATEST EQUIPMENT THROUGH FOREIGN AID

ICA has seen to it that old world industries and factories obtain at American taxpayers' expense, of course, machinery and equipment equal to their competitors here at home and frequently superior.

It is frequently superior because it is the newest and most modern available. Many American industries, burdened by taxes and with their capital and margins of profit cut to the bone by competition against foreign goods entering the United States on a free-trade basis cannot afford to modernize and must be content with obsolete equipment.

There remains wage competition.

Fortunately labor in America has been able to resist lowering of their wage rates to meet foreign standards. They have succeeded because they are strongly organized, and the senior Senator from Nevada hopes that they will continue to succeed.

THE MENACE OF FOREIGN-AID-PROMOTED COMPETITION

But ICA and the State Department is exerting pressures on the American economy designed to do 1 of 2 things:

- First. Eliminate the job, or
- Second. Reduce wages.

ICA's policy of worldwide procurement with American tax dollars at the "lowest cost," threatens to do both.

First, when foreign commodities are purchased they displace American labor. A Japanese textile worker, for example, producing for ICA's world giveaway, means one less American worker given the opportunity to produce for the commercial world market.

Second, to regain such an opportunity, there are the inevitable pressures to reduce wages in American textile factories to the Japanese level.

It was not for the purpose of finding a more delightful climate that many of our northern textile enterprises moved south. A more important location factor was the lower wage rates to be found there. Now the business of these mills and factories, and many of the jobs also, are going to Japan where wages are infinitesimal. And ICA is encouraging this trend.

A THREAT TO ECONOMIC SUICIDE

Foreign aid is a continuing threat to American industry, the wage earner and investor, compelled all to help pay, through taxes, for their own injury or extinction.

Foreign aid creates and stimulates artificial competition against American free enterprise, as virtually admitted in the ICA policy memorandum I referred to previously. It will also stimulate further artificial trade and aid as many

years as Congress votes to continue it. Because, and I again quote from the ICA policy memorandum:

Trade which requires aid to sustain it will create pressures to continue aid after the original justification has ceased.

Foreign aid forever appears to be the ICA motto.

AMERICAN DOLLARS BUILDING BIGGER AND BETTER
FOREIGN INDUSTRIES AND PROJECTS

Mr. President, some of the greatest projects we have in America have been duplicated in foreign countries. I have seen industries developed which were equal to and frequently superior to those in the United States, and they were all paid for by the taxpayers of the United States.

Earlier in my address I mentioned four organizations organized by the United States, one of them entirely financed by the United States, up to \$5 billion—the Import-Export Bank. The other three world organizations have been financed up to 35 percent by the money of the American taxpayers.

The board of directors includes one member from each country. From 60 to 70 countries are represented. The vote is according to the amount of money invested, which means that they control the organizations. The organizations are under foreign control.

So all we have to do is say where the money is going. The United States of America has very little to say about what is done except to put up its taxpayers' money.

As my good friend of 1914 or 1915 said, when I was sleeping out in the brush and making the surveys of cattle ranges, "I would not mind paying them once if they would stay bought. But paying them every year gets a little monotonous."

HARRY DEXTER WHITE'S MEMORANDUM ON
RESOURCES RECALLED

The first World War II foreign aid program was proposed by Harry Dexter White, as I said earlier in my address. Harry Dexter White was a great American except for one thing: He was a traitor, like Benedict Arnold and others who have gone down in history. Of course, we did not finance and spend our money as Mr. Benedict Arnold told us to. After he left in a sort of rush, we quit following his advice.

But Harry Dexter White died, and we are still following every program he proposed, except for one thing which we did not accept, and only the Lord knows why we did not do that.

When he was Assistant Secretary of the Treasury under Mr. Morgenthau in 1945, Harry Dexter White submitted a memorandum which is included verbatim in Senate Report 1627, 83d Congress. We sent our research men to Princeton University to dig it out.

MULTI-BILLION-DOLLAR LOAN TO RUSSIA URGED
BY WHITE

White suggested to the Secretary of the Treasury, in detail, that we give Russia from \$5 billion to \$10 billion. For what? To furnish us the raw material—manganese, tungsten, oil, and other raw materials—which he said we did not

have. We placed in the report the memorandum and the table. He said we had a 3-year supply of tungsten; that we had a 5-year supply of manganese; and a 10- or 12-year supply of oil.

Of course, everyone knows that we now have 10 times as much of everything he mentioned as we had then. All we had to do was to pay the difference in the wages and other fixed prices, or a duty, as mentioned in article I, section 8, of the Constitution. If Congress will fix the duty, we are in business in all those materials of which Harry Dexter White said we did not have.

Mr. Harold Ickes, that great Secretary of the Interior, died believing that the United States had none of those materials. Every year he would urge that steps be taken to make the Harry Dexter White doctrine effective. I do not believe he did it as a traitor. I think he was a loyal American. But the fact is that he followed Harry Dexter White's line. But, was he any worse in doing it then than we are in doing it now?

MEMORANDUM PASSED ON TO WHITE HOUSE BY
SECRETARY MORGENTHAU

Harry Dexter White submitted that memorandum. If anyone is interested in knowing what is in it, he can look it up. Copies are available in the Government Printing Office. Secretary Morgenthau submitted the memorandum intact, practically without a word changed, to the President of the United States. It consisted of 3 pages. The President was quite impressed, and refused to approve continuation of the buy-American act. He said we should get these materials from foreign nations and save our own supplies. Save what? What can we save if we do not know where it is?

How can anything be saved if it is not produced, and produced profitably, under our system? How can we know where it is?

THE TUNGSTEN SHORTAGE MYTH

Harry Dexter White said the United States had a 2-year supply of tungsten in 1945. In 1953, under the Malone-Aspinall Act, a price was fixed which we figured, after consulting many authorities, would equal practically the difference in the wages in the United States and in the chief competing country. In 3 years tungsten was practically running out of our ears. We had more in the stockpile than we could use. We still had free trade, but we developed a tungsten industry. Tungsten is still bought from foreign countries which pay their labor low wages.

But we are now proving that all we needed was either a duty or a fixed price to make up the difference between the wages and the taxes in this country and the wages and the taxes in the chief competing country. We have all the tungsten we want, more than we can possibly use in 500 years.

TUNGSTEN MINES NOW CLOSING DOWN

The tungsten mines are now closed down, and we are back where Harry Dexter White started us. We are following his plan and do not even know it, just as Mr. Ickes did not know it.

Undoubtedly Mr. Ickes was a fine man. I never had the pleasure of knowing him intimately. He would talk, and there seemed to be no connection at all between the facts and what he said. It was a case of his opening his mouth and talking, but he had the authority and backing of the President of the United States, and he made Congress like it.

NO ASSURANCE OF ETERNAL FRIENDSHIP BOUGHT
BY FOREIGN AID

Can anyone in the International Cooperation Administration—that is the ICA—or in the State Department, or in any other agency of the Government give us the assurance that if the bill is passed, that 12 years from now every one of the 81 countries will be friendly to us, or will even be neutral?

Secretary of State Dulles made the remark of the century. He said he did not care whether those nations were friendly to us or not. He simply did not want them to go Communist. Mr. President, the word "Communist" is loosely used.

In 1955 I had already visited all of our star boarders in Europe and Asia. I thought I had finished the job, so I got in touch with the Russian Ambassador here. The Ambassador is still here. He happens to be in the engineering business, so we spoke a sort of common language.

I said, "I would like to go to Russia and take a look at some of your plants."

SENATOR RECALLS U. S. S. R. INSPECTION TOUR

A passport was issued to me. The State Department also issued what they called a passport, at first, but they wrote on it, "This is not good to go from one country to another in certain places, without the further approval of the State Department." So I sent that one back and got another one.

So I got into Russia. Whoever the Ambassador was at that time is not there now, but he spoke Russian better than the Russians do. But he was under the civil service, and he could not do anything which would offend anyone, because it might get back to the civil service, and he was under the retirement setup. That is one thing which has ruined our Foreign Service. Our Foreign Service employees simply have to be friendly and must be complimented all the time by the nation in which they are serving.

When I first paid my respects to the Ambassador, he said, "You understand that your visit is unofficial, and that I cannot do anything to introduce you to anyone."

I said, "Mr. Ambassador, if you will take another look at this visa, I have news for you. I have no connection with the State Department. I am not looking for any connection with the State Department. All I want you to do, when you say my trip is unofficial, is to do your duty according to the rules of the State Department. Then you and I will get along all right. Otherwise you and I will be in serious trouble."

INTRODUCTION OFFERED

Some news reporter must have gotten hold of that statement, because it went

all over the world. The next day the Ambassador called me in and said, "I will introduce you to anyone whom you suggest."

I said, "You could, but it would not be much of a recommendation for you to do that." At that time the Russians would not let the Ambassador or anyone else from the State Department leave Moscow. But I was able to travel all over Russia. I covered some 7,000 miles. I traveled into the Urals and got as far as Tashkent, in the heart of Russia.

RUSSIA HEAVILY MINERALIZED

All the minerals in the world are to be found in Russia. I could tell the Senate a good deal about Russian industry. We are now making a report, which will be the equivalent of two reports. One relates to the Western Hemisphere, and shows the location and the economic setup of each of the 46 nations of the Western Hemisphere.

We are now doing that also for the Eastern Hemisphere, under a Senate resolution. I hope that will be completed sometime early next year. I believe it will be considerable news to the people who are taking what they hear from the State Department and other places in the way that a bass takes a bait.

I wanted to take one of the Ambassador's staff members as an interpreter, but they would not let him leave Moscow. Finally, I was able to go anywhere I wanted to go. So I am not so sure that the recommendation I received would have been of much account if I had had it to begin with.

VISIT TO BULGARIA

Then I went to Bulgaria. One of our representatives there some time previously did not exactly conform to the Bulgarian social customs, and the Bulgarian officials took him to task. As a result, we canceled our diplomatic relations with Bulgaria. Since Bulgaria is a very powerful nation, of course we were very bold in taking that action. However, I notice that we did not cancel our diplomatic relations with Russia when Russia told us to go to places which the Russians described, which would not be very habitable. But we canceled our diplomatic relations with Bulgaria.

I visited all the Balkan countries, after first going to Czechoslovakia and Austria and Hungary. Later I visited Rumania, and finally I reached Bulgaria. I had obtained a considerable amount of information about the Balkans.

ENGINEERING BACKGROUND VALUABLE IN TOUR BEHIND IRON CURTAIN

For years I have been in the engineering business, and I have gathered information throughout the world, because that has been part of my business. I knew that there were fissionable materials in Bulgaria. So I wanted to go there. So, from Rumania, I telephoned our Ambassador in Bulgaria. Then I talked to one of the Bulgarian officials. I could not speak his language, and he could not speak mine. So communication was a little complicated for a while, but was not too difficult.

I made arrangements to go to Sofia. There I had a meeting with 7 or 8 of the Bulgarian Ministers. I spent some time there. I asked them to tell me something about their history. I said to them, "I have no great knowledge of history; I have never had much time to study it." So they started to tell me about their history. At one point they said, "Turkey occupied us for 500 years." Then they proceeded with the discussion; they seemed to make no great point of that catastrophe.

BALKAN NATIONS LONG DOMINATED BY GREAT POWERS

But we say we are going to make all those little countries free. Mr. President, for 2,000 years those countries have been subjected to the influences of Germany, Russia, and Turkey.

Germany, Russia, and Turkey have dominated practically all the other nations of Europe. Even when I was in Finland, I found that at one time Sweden dominated Finland for many years. I was surprised to learn that; I never knew that the Swedes had that sort of disposition. But I guess there was a good deal that I did not know until I began to meander around the world. I also found that Poland occupied Moscow at one period of time.

However, my point is that none of the Balkan nations has ever been free for any great length of time. The only question was who would control them. Therefore, Mr. President, if we were to turn one of them loose today, it would be just like turning a minnow loose in a catfish pond; the only question would be who would catch it.

SENATE REPORT NO. 1627 CITED

While I was in Bulgaria, I found out about the Bulgarian deposits of uranium and other materials, which we used to think we could obtain only from South Africa. You know, Mr. President, until 1954, when we brought to the President the report on the Western Hemisphere, he used to think that of course we had to protect Belgium and the Belgian colonies because we had to get uranium from the Belgian Congo.

The report shows that the Western Hemisphere can be made self-sufficient, either for war or for peace.

Mr. President, in July 1954, I said that if our taxpayers were treated half as well as the United States has treated the foreigners, uranium found in the United States of America would be "running out of our ears" in 2 years. Actually, Mr. President, it began to "run out of our ears" within 1 year.

URANIUM DEPOSITS IN UTAH AND COLORADO FIRST STUDIED IN 1938

I had studied the uranium deposits in Utah and Colorado as long ago as 1938, when I made a report on the 11 Western States. The report also covered the situation in Alaska, the Philippines, and Hawaii. That report is still available, and the deposits described in it are still available.

But now the United States is going to buy uranium and ship it all over the world. Is not that wonderful, Mr. President?

In the last few days I have noticed in the newspaper articles which state that the United States is again going to recognize Bulgaria. I guess the Bulgarians have, by now, been properly disciplined. Of course they seemed to get along fairly well without being recognized by the United States.

But perhaps we wish to send to Bulgaria some more of our money, and no doubt we must recognize Bulgaria if we wish to send money and equipment there, if we wish to treat Bulgaria in the same way that we treat the dictator of Yugoslavia, who has "worked both sides of the street" ever since World War II, although everyone knows that in the event of war, he will be on the side of Russia.

BALKAN NATIONS SMALLER THAN SOME UNITED STATES COUNTIES

Some of these countries are not as large as some counties in the United States. On many occasions I have gotten into an automobile at 7 o'clock in the morning, to travel from one of those countries to the next one.

The country I was in would have its ambassador travel with me. But he could not cross the boundary line. So I would drive up to the boundary line with one ambassador, and there I would meet the ambassador of the other country.

In the morning Mrs. Malone would put on her levis—you see, Mr. President, she travels with me almost everywhere I go—and, accompanied by the ambassador of that country, we would drive up to the border line, and there we would meet the ambassador of the next country, and from that point we would travel with him. Is not that a fine howdy-do, Mr. President? And we finance the whole business.

EDITORIAL COMMENT ON FOREIGN AID CITED

Mr. President, beginning on May 21 and concluding on June 10, 1957, a series of four editorials on the question of foreign aid was published in the Wall Street Journal. The first of the editorial is simply entitled "Foreign Aid." It points out that—

The people are now disillusioned with this 20 years of foreign aid programs.

Reasons for the disillusionment of the people are not hard to pin down.

It is not just that taxes continue at a high level. It is not just that inflation continues to chop away at salaries and savings. There is the overriding fact that foreign aid just hasn't seemed to have gotten anywhere.

Just since the end of World War II some \$55 billion has been rushed abroad, much of it to hold back communism. But where communism has been held back there is the very great question of whether it wouldn't have been held back anyway. And in some places where contributions have been made, the people there have come to regard the aid as a permanent price for not going Communist.

Then there have been cases—as in the Middle East recently—where offers of aid have been more embarrassing to anti-Communist forces than of help to them: Offers of dollars were offered as proof by pro-Reds that the United States was about to take over the country.

Elsewhere the editorial states:

The administration must have some favorable examples to set against the case of

Indonesia—freed as a Dutch colony from the Japanese with American help, backed in its drive for independence from the Dutch by this country, granted dollar help and now—so its leaders announce—looking to Moscow for precept in molding itself into a nation.

Indonesia, which has received \$259 million in grants and credits, more than a quarter billion dollars, is the country cited in this editorial.

THE RECORD OF FOREIGN AID TO BRITAIN

But what about Britain, which was given \$4,277,000,000 in World War I in loans that have never been repaid and never will be, \$28,600,000,000 in World War II, \$3,750,000,000 in 1946, and \$3,087,000,000 of American taxpayers' money since then?

Britain, in return for this \$39,714,000,000 in foreign aid has recently signed a pact with Red China to supply her with materials and equipment that will inevitably go to build up the Communist war machine; has reduced her own military budget by more than \$600 million, has wretched on her commitments to help defend Western Europe, has reduced her armed forces, has waged aggressive war against weak Egypt until deterred by Soviet threats and a United Nations resolution, and has begged off from payments on the \$3,750,000,000 loan she made from the United States in 1946.

BRITAIN'S BID FOR MORE RED TRADE

Britain today is closer to Soviet Russia than she has ever been since the height of World War II. Where have the billions loaned and given Britain by the United States helped us in deterring communism?

In this connection, Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. David Lawrence, titled "Shades of the Days of Munich," published in the Washington Evening Star and other newspapers under date of June 12, 1957.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHADES OF THE DAYS OF MUNICH—BRITISH TRADE WITH RED CHINA, AS WITH HITLER, SEEN SPEEDING WAR

(By David Lawrence)

Sometimes the biggest news is invisible, glossed over, or minimized because government, itself, doesn't speak out about the dangers of what is happening contemporaneously. For something very alarming has just happened that could be one of the steps which would force a world war on the American people in the next decade.

The question might well be asked out of bitter experience—are the free nations today preparing to arm the enemy and will they not thereby accelerate the time when a third world war may sweep the globe?

The decision on the part of Great Britain to break faith with the United States and seven other nations by relaxing the embargo on trade with Red China is a sensational development. It is unquestionably a turn of affairs which spells a weakening of the position of the free governments in the cold war.

Hitler bought his arms from British colonies and territories and kept supplying his munitions stockpile up to almost the very month when the Second World War broke out in 1939. The allies paid for that mis-take—in human lives lost.

British merchants kept on trading with the enemy through nearly 3 years of the First World War at the same time that

American trade with neutral countries was being interfered with by the London government. This prolonged the conflict and the casualty lists.

Had there been an economic embargo against the dictatorships, as the League of Nations proposed in the 1930's, there would never have been a Second World War. Had the British ceased their trade with the enemy earlier than they did in the First World War, the conflict would have been terminated sooner.

Now is history to repeat itself? For the sake of material gains, are the Red Chinese to be industrialized so that they can become a menace to Japan, to the Philippines, to all of southeast Asia as well as to Indochina and perhaps India?

The British are eager to send goods to Red China which they declare are not strategic. But this, nevertheless, will relieve the shortages that the Red Chinese must overcome in order to concentrate on articles of a strategic nature. It also will ease Russia's present burden in supplying Red China.

The Red Chinese do not have an abundance of foreign exchange with which to buy any substantial amounts from the British, but they will substitute goods of a higher strategic priority for war purposes which they need badly.

This is the biggest victory which the Communists have won since the cold war began. It has spread nervousness throughout the Far East, and it could easily lead to such a crumbling of the situation as to add materially to the cost the American taxpayers eventually will have to bear to defend the American line from Japan to the Philippines.

The story of what happened at the international conference which considered the revision of the trade embargoes has not been fully told. Eight of the fifteen nations agreed with the American position of restriction. Only five sided with the British, and neither Japan nor Canada voted. This means that in the face of the majority of the free nations involved, Great Britain decided to go it alone and open up trade with Red China.

This victory for the Communists, moreover, comes at the very time when the United States and its allies in Asia have gotten the upper hand. It comes when Indonesia and India are more worried about Soviet intentions than they ever have been. It comes when Western influence in Burma and Cambodia has been rising. It comes when a strong defense is being built up by the free people in Indochina. It comes at a time when the Chinese Communists have not shown the slightest sign of becoming peaceful but on the contrary, have manifested a greater degree of belligerency than before. They have violated the armistice in Korea and have built up airfields for jets. They have constructed new military supply lines to mount a threat against Formosa. They hold by force of arms two provinces of Laos and Cambodia.

Now the Asian nations see Great Britain weakening on the embargo and observe also lots of people in America talking naively about going along with that decision as a practical matter. It is all so reminiscent of Munich and the prewar days when many people thought you could do business with Hitler.

President Eisenhower has not spoken out clearly as yet about the situation. In fact, his offhand comments at the press conference last week gave the impression that it is up to Congress and that there is a law which prevents our trading with the Red Chinese. The embargo can be dissolved overnight by a Presidential revision of the Executive order now in effect. The President doubtless has been briefed by now on the implications of any weakening by America and on the dangerous consequences in southeast Asia as well as the Far East. It may be assumed that an official statement reiterating the po-

sition of the United States and expressing regret at Britain's decision to go it alone in world affairs will soon be forthcoming.

It is by mistakes arising out of a selfish materialism that the peaceful nations of the world find themselves dragged into war. To arm the Red Chinese now by letting them industrialize rapidly is to bring nearer the day of a third world war.

THE RECORD OF FOREIGN AID TO FRANCE

Mr. MALONE. Mr. President, France offers an example of foreign gratitude for American aid.

During and after World War I the United States loaned France \$3,996,658,000. During World War II we gave her \$2.6 billion. Since World War II we have given her another \$5,257,000,000. France thus has benefited by more than \$11 billion of American taxpayers' hard-earned dollars.

Yet, here is France today, after the abortive Egyptian invasion, imposing drastic new import curbs on American and other foreign products and readying, according to reports from Paris, plans to tap the United States for a loan or gift of another \$400 million.

More disturbing than that is the fact that, while the United States has been lavishing military aid and supplying France with military airplanes, France has been selling warplanes of her own manufacture to other countries.

In the hearings before the Foreign Relations Committee on June 4, 1957, Mr. President, that fact was admitted by Brig. Gen. John S. Guthrie, Director of the European Region, Office of European Regional Affairs, Department of Defense.

UNITED STATES SUPPLIES PLANES TO FRANCE WHILE FRANCE SELLS OWN PLANES TO FOREIGN COUNTRIES

General Guthrie was being questioned about the need to increase funds for military assistance to Europe from \$261 million to \$338.5 million.

One of the reasons, he testified, was the desire to supply France with P-2V aircraft.

The distinguished Senator from Vermont [Mr. AIKEN] questioned General Guthrie.

Senator AIKEN. Hasn't France sold military equipment of her own manufacture to other countries?

General GUTHRIE. We have encouraged all the countries, who are capable of doing so, to manufacture equipment.

Senator AIKEN. For sale?

General GUTHRIE. Including sale to other countries. They have to have a market somewhere.

Senator AIKEN. And France has made sales to other countries?

General GUTHRIE. I believe they have. So has England.

FRENCH SALES RECALL BRITISH JET-ENGINE SALES TO RUSSIA

Mr. President, some of the Members of this body may recall that in 1947, while we were advancing billions to Britain in foreign aid, the senior Senator stated on this floor that Britain was selling jet engines to Soviet Russia.

At first my statement was denied by responsible authorities in the executive branch, but later it was admitted, substantiated and confirmed.

The jet engines that England sold to Soviet Russia were prototypes of jet engines used in Korea to shoot down American flyers.

Through foreign aid we supply foreign countries with military aircraft so they can sell military aircraft of their own manufacture to other foreign countries, including those which may or may not be friendly.

Under the withering influence of gifts and loans from the United States extended over a period of 40 years the once proud and self-reliant European powers, Britain and France, have been reduced, I regret to say, to perpetual boarders at Uncle Sam's banquet table. It would be uncharitable to call them perpetual beggars.

UNITED STATES MILITARY EQUIPMENT USED BY FRENCH IN ALGERIA

Foreign aid may have strengthened their economy, but certainly their will to resist the menace of international communism and their ability to do so has been weakened.

France, for example, is using American military equipment, not to strengthen its defenses against communism, but against subjects in Algeria.

The distinguished Senator from Arkansas, Senator FULBRIGHT, during the interrogation of General Guthrie, asked:

How much of the aid for France goes into Algeria?

General GUTHRIE. It would be difficult for me to say. You mean the equipment itself, the hardware?

Senator FULBRIGHT. Yes.

General GUTHRIE. Everyone knows that a good deal of the hardware we have delivered in the past has gone to Africa, and even France reports that it cannot determine exactly which rifle or truck it acquired as a result of the aid program, but I am safe in saying it is a substantial portion of the equipment in Algeria.

Thus foreign aid is being used to support imperial colonialism.

TWO SCORE PACT NATIONS ON FOREIGN AID DOLE

Mr. President, on May 23, 1957 the Wall Street Journal published another editorial on the subject of foreign aid, this one titled: "The President's Case Against Foreign Aid," certainly a most unusual title.

Briefly it points out that under the theory that we must continue to finance the defense of the 42 or 44 nations with which we have entered into pacts, these nations have no real determination to oppose communism and in that case are highly unreliable allies.

The editorial also discounts the contention that if foreign aid were discontinued the United States would find itself in the position of "going it alone."

I ask unanimous consent that this editorial, titled "The President's Case Against Foreign Aid," be printed in the RECORD.

THE PRESIDENT'S CASE AGAINST FOREIGN AID

Let us assume for a moment that President Eisenhower is correct when he says that to cut even a dollar out of the foreign aid program would be reckless, would weaken the Nation and could lose both peace and freedom. What does that actually mean?

Mr. Eisenhower contends that without our military help overseas, we would have to spend "many billions of dollars more" on our own defense, put more men in uniform and keep them there longer. If that is so, it plainly means that but for our aid the

forty-two, nations with which we are associated in defense treaties would do little or nothing in their own defense.

And if that is true, it means in turn that these forty-two nations have no real determination to oppose Communism; they are building up their own defenses mainly because the United States helps them. If that is the case, they are highly unreliable allies.

If all this, moreover, is the real significance of foreign aid, it clearly indicates we can never stop. To do so, ever, would be to bring the whole anti-Communist defense structure toppling down, since it presumably rests on nothing more substantial than handouts from Washington.

The President, in fact, offers no hope that foreign aid will ever end. On the contrary, he seeks to establish the principle of permanence, first by proposing to make military aid a direct charge against the Defense Department budget, and second by recommending to Congress a long-range revolving loan fund for some types of economic aid. The program that was originally to last 4 short years is now to be a program in perpetuity.

It is thus the bleakest kind of picture the President paints. For ourselves, we do not believe the outlook is all that bad.

We doubt very much that the alternative to military aid is "going it alone." We think a good many of our allies would make considerable defense efforts in their own self-interest and would remain allies, without any dollars from us. A nation like Britain has never been unaware of the need for military preparedness, or allergic to its national interest. Even now the British Government is glad to show, by developing its own hydrogen bomb, how much it can defend itself.

Many other allies have powerful defense capabilities with which to deter the Communists. What's more, they would still come under the protective shield of the United States even without American military aid. The greatest deterrent to Communist aggression is not the number of jets in Europe or Formosa, but the United States treaty obligations to assist its allies should they be attacked.

But if that is somehow not the case—if the allies are so crass and so blind that they will do little or nothing without our help and the assurance of our help forever—then God help us. Such allies would not be worth having in a showdown.

In making this kind of argument, the administration is not making an argument for foreign aid. It is unwittingly making the strongest possible case against foreign aid.

Mr. President, the Wall Street Journal on May 27, 1957, published the third of its series of editorials opposing foreign aid.

I ask unanimous consent that this editorial, titled "All or Nothing," be printed in the RECORD.

ALL OR NOTHING?

Not the least of the difficulties with President Eisenhower's position on foreign aid is that it makes the present package an all-or-nothing proposition.

For Mr. Eisenhower says that to change it at all, either in cost or concept, will render it utterly useless. To support that position he has to argue that our allies and friends are so weak in determination and capacity that they will fold up before the Communist threat the moment we reduce our subsidy by an iota. We must thus subsidize not only some of the non-Communist nations but all of them, just as a general proposition. And if they are not to falter we must subsidize them not only now but forever.

This argument becomes a powerful one for abandoning all foreign aid altogether.

If we are just pouring our aid into a bottomless pit, then all is futility.

Yet that is not the real case at all. In our opinion this country would be very well advised to abandon the foreign-aid program as presently conceived and executed. It would not be well advised, we think, to adopt the attitude, "We will not now or ever give any aid to any foreign country under any circumstances."

This is no contradiction or tricky paradox. It is simply a recognition that the idea of helping ourselves by helping others is not something mystical to be "for" or "against" in the abstract; the idea is a commonsense one to which commonsense tests ought to be applied in particular cases.

In the case of Greece and Turkey, where all this started, the practical matter was that the two countries were beset by an immediate and tangible danger. More importantly, there was a will to resist independent of any aid from the United States. As a practical matter a little extra help could, and possibly did, tip the balance. The cost was not exorbitant and the gain redounded both to the two countries and to our own interests.

There are, or may be, other like cases to be considered on their individual merits. But this is not the same thing as a mammoth and permanent program of handing out guns indiscriminately in the guise of "fighting international communism." It is a far cry from the global ideals of building dams in Egypt or roads in Afghanistan in the belief that we are thus buying their allegiance and friendship.

The difficulty with this kind of approach is that it cuts loose from all anchors. Foreign aid is held up as a good in itself without anything except the vaguest requirements that the recipients be on our side or seem to be persuadable with a few dollars. Anyone who questions this is "against foreign aid" is therefore stupid and most likely that wicked creature, an isolationist.

The sad part of all this is that foreign aid, used sparingly and disciplined by commonsense, could well be a useful instrument of foreign policy. But if the choice is all of the present shapeless package or else nothing—then the sensible answer is, very plainly, "nothing."

LOAN PLAN VIEWED AS PERPETUAL AID SCHEME

Mr. President, on June 10 of this year the Wall Street Journal published the last of its series of editorials opposing the pending foreign-aid bill, and in this editorial it went to the heart of the pending legislation.

Titled "Foreign Aid in Disguise" the editors of the newspaper analyzed the bill and its astounding implications.

With reference to the new international RFC provided in section 202 of the bill, the editorial observes:

All this could easily mean simply the addition of hundreds of millions a year in loans to the \$4-billion plus a year currently being spent for military and economic aid.

Moreover, the loan fund idea would cement into the Federal budgets, perhaps ineradicably, the principle of foreign aid; Mr. Dulles said the fund "would need continuing authority and a capital authorization for several years, to be renewed, when needed."

Once Congress bought this plan, it would be extremely difficult, and maybe impossible, for Congress ever to call a halt to heavy foreign-aid spending.

Of course it would; that undoubtedly is the reason the proponents of perpetual foreign aid included it.

It required Congress more than 20 years to rid itself of the Reconstruction Finance Corporation, set up as a temporary stopgap agency in the early depression years. As a matter of fact RFC still has a substantial payroll engaged in what is sweetly called the process of liquidating the agency.

CONGRESS LOSING ITS CONTROLS

The editorial *Foreign Aid in Disguise*, notes as follows:

The proposal would remove foreign aid further from the control of Congress.

Mr. President, there is a tremendous drive in the executive branch to remove virtually everything except our dignity away from the control of Congress.

The constitutional power to lay and collect duties and to regulate the foreign commerce has been removed from the power of Congress.

The power to coin money and determine the value thereof was removed from Congress during the Roosevelt administration: the power to declare war was lifted from Congress by President Truman in the Korean conflict.

The international RFC plan, as the *Wall Street Journal* observes, would remove foreign aid further from the control of Congress and put it undoubtedly in the State Department.

A Deputy Undersecretary of State would act as Chairman of the so-called Advisory Loan Committee which would be created.

"The administration," the editorial continues, "already has such funds for use at its own discretion. Under the new plan the administration would have greater leeway to embark on big long-range projects: As Mr. Dulles put it, the administration wants to 'break away from the cycle of annual authorizations and appropriations' by Congress."

The editorial also includes comments of interest on the military aid aspects of the pending legislation.

Mr. President, I ask unanimous consent to have printed in the *RECORD* the editorial titled "Foreign Aid in Disguise" published in the *Wall Street Journal* under date of June 10, 1957.

There being no objection, the editorial was ordered to be printed in the *RECORD*, as follows:

FOREIGN AID IN DISGUISE

The handling of foreign aid has been juggled time and again, usually with a rechristening of the responsible agency. The administration's latest proposed revamping has some particularly disturbing features.

One big objective of the new proposal is pretty plainly to make foreign aid more palatable to Congress, which has been prepared to cut the fiscal 1958 program substantially. That in itself is a dubious approach; either the program stands on its merits or not at all.

As outlined by Secretary of State Dulles, the rearrangement would put military aid and so-called defense support aid under the Defense Department budget. In addition, a continuing economic development fund would be established to make loans which might soon total \$750 million a year.

Now if there is to be foreign economic aid, it is certainly better that it be on a loan basis instead of a grant basis, and in proposing the loan fund the administration was presumably aware that many in Congress share that opinion. But it should be noted that this loan fund would not supplant either direct grants of economic aid or the technical

assistance program; both would go on largely as they are.

So all this could easily mean simply the addition of hundreds of millions a year in loans to the \$4 billion-plus a year currently being spent for military and economic aid.

Moreover, the loan fund idea would cement into the Federal budgets, perhaps ineradicably, the principle of foreign aid; Mr. Dulles said the fund "would need continuing authority and a capital authorization sufficient for several years, to be renewed when needed." Once Congress bought this plan, it would be extremely difficult and maybe impossible for Congress ever to call a halt to heavy foreign aid spending.

At the same time, the proposal would remove foreign aid further from the control of Congress. The administration already has such funds for use at its own discretion. Under the new plan the administration would have greater leeway to embark on big long-range projects; as Mr. Dulles put it, the administration wants to "break away from the cycle of annual authorizations and appropriations" by Congress.

Even with the present degree of congressional control the spending of foreign aid money has been notoriously sloppy or worse in some instances. What it would be with the watchdog thus chained is not pleasant to contemplate.

The argument for putting military aid in the Defense Department budget is equally unsound. To do so would make it that much harder to tell just how much we are pouring out to arm our allies. Also, it is designed to persuade the American people that military aid is just as integral and permanent a part of American defense as are the dollars spent to maintain the United States Armed Forces—a proposition never proved and which many might feel misgivings about putting to a test.

The fact is that indefinitely continued military aid is, like economic aid, a questionable activity. Mr. Dulles argued its necessity because "many nations cannot support the military establishments which, in the common interest, should be on their soil." The answer is that if they cannot support them they will not in the long run keep them, as the big new British military retrenchment amply attests.

Mr. Dulles' presentation of the new plan is reported to have been well received in Congress. Before the lawmakers get too enthusiastic, however, they ought to recall that it was never the intent of Congress to make either military or economic aid a permanent drain on the taxpayer. And they ought to take a good look at their own diminished role under the administration proposal.

The American people, from all the evidence, want changes in foreign aid, but not changes which tend to entrench and disguise it. They want changes that will lower the cost of the program and, in a reasonably near future, rejugle it right out of existence.

PERPETUAL AID MEANS PERPETUAL HIGH TAXES

Mr. MALONE. Mr. President, S. 2130 is a perpetual foreign aid bill.

Perpetual foreign aid means perpetual heavy taxes on the American people to support not their interests but the interests of foreign nations.

Perpetual foreign aid means perpetual beggary by these foreign nations.

Perpetual foreign aid means perpetual abandonment of American industry, wage earners, and markets to the avarice of foreign competitors.

And perpetual foreign aid, in my opinion, means perpetual wars.

THE "VULCANIZER SPECIAL"

Mr. President, in my visits with Mr. Bulganin and Mr. Khrushchev—whom I came to know about as well as any-

one can know a person after meeting him and talking with him for 8 or 10 hours—I obtained some very pertinent information.

Visit them in their office; they are great people for going to cocktail parties. These various ambassadors would give cocktail parties. Every time one would come back, there would be a cocktail party. They were drinking that vulcanizer special they call vodka. I quit drinking character building whiskey 7 or 8 or 9 years ago, so I was not tempted very much. I told Mr. Bulganin on the first round that it looked like the "white mule" we used to have during prohibition days. I thought I would confine my drinking to wine.

I want to warn anybody who is going there that they do not have to drink. They can go just as they wish. There was a time when ambassadors had to get drunk in order to have a conference. That is not so any more.

BULGANIN'S DEFINITION OF "SOCIALISM"

I asked Mr. Bulganin, among a lot of other things that I will not now go into, to tell me the difference between socialism and communism. I have my own ideas about it. I have debated it quite at length at different times. He was talking to me through an interpreter. I think he understood a lot of English, but he did not answer in English. He said, "I will be glad to tell you. Socialism is the first step to communism."

I visited every one of the 16 socialist republics, from Siberia to Georgia, including the rest of them. It is quite a story. One of these days I shall have a report on it. I hope someone will look at it. I could not guarantee that someone will look at it, the way such reports are treated in the Senate and the House. Mr. Bulganin said, "We do not have communism. That is our objective. What we have is socialism, and socialism is the first step toward communism."

I said, "Mr. Bulganin, what is the difference, then, if socialism is the first step?" He said, in no uncertain terms—he did not stutter—"Under socialism, you work according to your ability and get paid according to your work; and under communism, you work according to your ability and get paid according to your needs." That is when socialism becomes communism. So we know what communism is. Only 3 percent of the Russian people are Communists.

FOREIGN STATESMEN SERVING INTERESTS OF THEIR COUNTRIES

Mr. President, we cannot joke about what this country is doing. I have said this before, and I say it again, I am for the United States of America as Churchill is for England and as Khrushchev is for Russia. We are the only nation on earth that breeds people who want to divide the wealth of their country with the rest of the world.

What did Mr. Churchill say when the effort was being made to liquidate the colonial empire? He said, "I did not become the Prime Minister to participate in the liquidation of the colonial empire of Great Britain."

I have been in every nation on earth. I have found that every man is for his country. I did not hear anybody in those

countries say, "Let us appropriate \$2 billion, or \$10 billion, or \$10 to send to the United States, or to any other nation on earth," and we do not hear it now. Every other nation that lends money gets back dollar for dollar, with interest. Why does Great Britain send jet airplanes into the Middle East? Is it to protect a little king in that country? Great Britain wants to protect the only area from which she can get oil.

MIDDLE EAST OIL RESOURCES VAST

I was in the Middle East in 1947. I was in Iran. I went through the greatest oil-reduction plant in the world. It was the greatest then, and I think it still is. I went through that plant with the British, with a fine-tooth comb. I knew when I left they were going to lose Iran, because they paid an insignificant royalty. I think Great Britain paid 18 or 20 cents a barrel in royalties, when across the boundary a great deal more was being paid.

The royalties were going to about 350,000 persons, and the rest of the millions of people in Iran were not getting the benefit of it. Of course, the British were run out. When Great Britain was run out, we stepped in and paid its debt and helped salvage the situation, and perhaps became a partner of Great Britain.

SOCIALISM, COMMUNISM, FASCISM HAVE SAME OBJECTIVE

I did not complete the story I was telling. When Mr. Bulganin was explaining what the difference was between socialism and communism, namely, that under socialism that everyone worked according to his ability and got paid according to his work, and under communism—which was the final objective—everyone worked according to his ability and got paid according to his needs, Mr. Bulganin asked me what I thought the difference was. I said, "Mr. Bulganin, here is the way I have always described it: That there is no difference between socialism, communism, and fascism. There is no difference in the final objective of all three, which is government ownership, with the individual owning nothing. The difference is in how the government gets into power."

Mr. Bulganin asked me what I considered that difference to be.

The first thing I had done when we opened the conversation was to say, "We do not like your form of government. You do not like ours." And we got right down to business. I said, "The only difference between socialism and communism is that a Communist will shoot you to gain his ends, to get into power, and a Socialist will spend you into it."

THE THREE SALES ARGUMENTS FOR FOREIGN AID

Mr. President, critical materials, markets for American goods, and mutual security were the three themes of Harry Dexter White in his pitch for foreign aid to Russia, which I referred to earlier in my remarks.

The critical materials argument was used by proponents of perpetual foreign aid in the recent hearings before the Foreign Relations Committee. They listed it as one of the reasons for foreign aid in a chart but did not elaborate.

The reason they did not elaborate, I think, is that the argument is as phony as a \$3 bill.

Senate Report 1627 of the 83d Congress exposed the fallacy of squandering taxpayers' money all around the globe to "safeguard critical materials," as these witnesses put it. The report showed that on the basis of expert testimony, some of it from military men themselves, that in the event of any all-out war Soviet submarines and/or bombing planes could cut off these supplies from distant overseas areas.

WESTERN HEMISPHERE SELF-SUFFICIENT IN CRITICAL MATERIALS

The report further demonstrated that every one of the 77 critical and strategic materials could be obtained in the Western Hemisphere, that the Western Hemisphere could be made self-sufficient for everything needed for war or an expanding peace, and that the Western Hemisphere, and only the Western Hemisphere, could be adequately defended in the event of an all-out war.

Yet from the days of Harry Dexter White foreign aid has been advocated in the name of protecting distant sources of critical materials, most of them in areas we could not defend until we had achieved overwhelming air superiority.

Mr. White knew his argument was "bunk." What he was interested in was diverting a large chunk of America's wealth to his favorite foreign country; namely Russia, and in destroying America's own strategic and critical materials potential.

MINERALS SPECIFIED WHICH RUSSIA COULD PROVIDE

Manganese, tungsten, graphite, mica, chrome, mercury, iron ore, platinum, and copper were specified by White as metals Soviet Russia could well spare and send us, and the President was assured that Russia could supply us also with petroleum in substantial quantity.

The argument was made that we would conserve our mineral and fuel reserves "by importing from abroad to meet ordinary annual production requirements." In other words, that we should close down our mines and oil wells and depend on Soviet Russia for our metal and liquid fuel supplies.

Twelve years later this proposal seems fantastic, and it was fantastic. Twelve years from now some of the mutual security, critical material, and export trade schemes that are before us now may seem equally fantastic. Twelve years ago Russia was an ally, and Germany and Japan were enemies. Today Russia is an enemy, and the German Republic and Japan are listed by our foreign aid spokesmen as friendly nations.

Can anyone in the International Cooperation Administration, State Department, or any other agency of Government give us assurance while this bill is being debated that 12 years from now each of the 84 foreign countries to which foreign aid in some form is being extended will be friendly to us or even neutrals?

White's theory in general has been put into execution everywhere else in the world this side of the Iron Curtain.

During the past 3 years alone barter deals have been made with foreign countries to exchange surplus foods for critical materials valued at \$767,500,000, or more than three-quarters of a million dollars.

ICA FINANCING FOREIGN MINERALS DEVELOPMENT

ICA has handed out \$53,500,000 to foreign countries to be used there in mining and minerals development which inevitably will compete with our own domestic mining industries.

ICA has given to foreign countries \$54 million more to acquire new and modern mining equipment so that these foreign mines will not have to compete at a mechanical disadvantage with our American industries.

None of this money has gone to Soviet Russia but some of it has gone to Communist Yugoslavia and pro-Communist Indonesia.

ICA has advanced \$44,200,000 to foreign countries for petroleum projects and equipment so that they can compete in the world market or the American market against American oil.

FOREIGN IRRIGATION PROJECTS FINANCED BY ICA

ICA has given foreign countries \$355,800,000 to build irrigation, reclamation, and power projects so that they can compete against American farm products of which we have a surplus. This surplus, in the absence of export markets which ICA has helped to close, has to be virtually given away for foreign currencies, or in barter deals, or both, in order to dispose of it at all, while in the meantime with American tax dollars, many of them extracted from our own farmers, ICA strives to increase foreign agricultural production.

THIRTY-FOUR FOREIGN NATIONS GET MINING HELP

Mining and minerals development has been financed by ICA in 34 foreign nations, 6 in Europe, 9 in Latin America, 7 in the Far East, from which no materials would reach us in the event of war, and 12 in the Near East, south Asia, and Africa.

The European nations in which ICA has financed mining ventures are Austria, France, Italy, Norway, Spain, and Communist Yugoslavia.

Latin American countries are Bolivia, British Guiana, Brazil, Chile, Columbia, Cuba, Honduras, Mexico, Peru.

Far Eastern countries: Cambodia, Nationalist China, Indonesia, Korea, the Philippines, Thailand, and Vietnam.

Countries in other parts of the world which have been assisted in their mining and minerals developments by ICA are Afghanistan, Egypt, Greece, India, Iran, Israel, Jordan, Lebanon, Liberia, Nepal, Pakistan, and Turkey.

Mining equipment paid for with American tax dollars has gone to Austria, Belgium, Luxembourg, Denmark, France, Germany, Iceland, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom, Burma, Nationalist China, Indochina, Indonesia, Korea, the Philippines, Thailand, Vietnam, Greece, Iran, Israel, Lebanon, and Bolivia.

PETROLEUM PROJECTS FINANCED IN MANY
COUNTRIES WITH FOREIGN-AID FUNDS

Petroleum refining projects costing a total of \$24,686,000 of American money have been financed by ICA in France, Italy, Germany, and the United Kingdom, and oil drilling and refining equipment totaling \$19,495,000 in value has gone to France, Italy, Germany, United Kingdom, Turkey, Austria, the Netherlands, and China.

In addition to ICA's contributions to foreign extraction industries, the Export-Import Bank several years ago loaned \$100 million to the 6-nation European Coal and Steel Authority to expand its operations and provide new houses for foreign miners.

This totals up to \$607,500,000 of taxpayers money spent in building up competitive extraction industries in foreign countries—\$507,500,000, or more than half a billion dollars by ICA.

Mr. President, we are all familiar with the struggle our domestic mining industry, both metals and solid fuels, has been having in recent years. Mines have closed. Miners have been thrown out of work. Distressed areas have been created. The Agriculture Department in some parts of the country has had to rush in supplies or surplus foods to alleviate the hunger and suffering of unemployed miners' families.

But dollar aid to foreign miners and mining interests rolls merrily on and on in the hundreds of millions.

CONGRESS CREATING FOREIGN COMPETITION
AGAINST AMERICAN INDUSTRIES

Could it be that Congress itself, in voting year after year new foreign aid funds to be spent in developing more and more foreign competition against our miners, is contributing to domestic distress and unemployment?

Could it be also that Congress itself, in voting year after year, millions upon millions in new foreign aid funds for foreign irrigation, reclamation and power projects—while American farm income continually declines—is destroying the traditional foreign markets for our food products and thus increasing our farm surpluses?

Are we financing our own economic suicide?

The Wall Street Journal of June 11, 1957 carries this headline: "American Zinc Cuts Zinc Smelting Output to Reduce Oversupply."

Firm plans to curtail operations at Fort Smith, Ark., 40 percent now and at Dumas, Tex., 10 percent July 1.

Howard I. Young, president of American Zinc, is quoted as stating:

It is believed by management that metal output should be curtailed until there is either a reduction in imports of foreign refined zinc into this country or a substantial increase in demand from domestic consumer.

NINETEEN HUNDRED AND FIFTY-SIX ZINC
IMPORTS LISTED

Last year we imported \$118,873,555 worth of zinc, much of it from Austria, Belgium, Germany, Italy, Communist Yugoslavia, Iran, Peru, Bolivia, Honduras,, Guatemala, countries in which ICA has financed mining ventures or equipment.

On June 10 the same newspaper noted that "lead and zinc consumers expect prices of both to go still lower," noting that prices on the previous Friday had closed at 11 cents a pound.

BARTER CONTRACTS FOR MORE FOREIGN ZINC
SIGNED

It noted that the week previously the administration had announced that in April it had signed zinc barter contracts for \$20,700,000.

"No tonnages were given," the news article continued, "but figured on the basis of the 13½-cent East St. Louis United States price then prevailing, it indicated a whopping 74,000 tons of foreign zinc contracted in April will be delivered to United States authorities over the next few months."

Foreign aid in any form, Mr. President, means foreign wages, costs and prices dominate our markets and closes or cuts back production in American plants and mills. Perhaps that is one of the objectives of its proponents.

FOREIGN AID WORKING HARDSHIP ON AMERICAN
FARMERS

Foreign aid also is an injustice to our industrious American farmers.

ICA has expended a total of \$355,800,000 in American tax dollars, as previously stated, for irrigation, reclamation and power development in foreign lands. That is a third of a billion dollars.

European countries aided by ICA in such development are Denmark, Belgium—Congo; France—both Europe and Africa; Iceland, Italy, the Netherlands—both in Europe and Surinam; Portugal, Spain, Austria, Germany, Yugoslavia and the United Kingdom—Malta, Jamaica, Somaliland and Cyprus.

What possibly can be the obligation of hard-pressed American taxpayers to spend millions in developing British, Belgian and Netherlands colonies I do not profess to understand.

Colonial-minded nations previously in history have been responsible for the economy of their own colonies as long as they could hold them. It is a strange circumstance that a Nation which in 1776 throw off colonialism would now be spending tax dollars to strengthen and preserve the colonial policies of other nations.

BRITISH EXPORT TRADE BOOMING, DEFENSE EFFORT
CUT BACK

Britain is booming, thanks to our aid.

In the first 4 months of this year, according to the Wall Street Journal, her exports reached a record of \$3.1 billion, \$300 million above that of the same period in 1956.

Exports to the United States were \$233 million, an increase of 22 percent over the same period in 1956.

Automobiles and textiles ranked with whiskey as major exports to the United States.

Britain has cut back her defense budget \$607,600,000 and has opened trade with Red China in vital machine tools, electric motors and generators, rubber-manufacturing machinery, motor vehicles, railway locomotives, scientific instruments, chemicals, rubber and internal-combustion engines, all of which

will increase Red China's military potential.

UNITED STATES TAXPAYERS FINANCING FARM
DEVELOPMENT IN BRITISH COLONIES

Yet American taxpayers are required by Congress and the ICA to finance the agricultural development of Malta, Somaliland, Cyprus and Jamaica, all British colonial possessions.

In the Far East ICA has developed irrigation, reclamation and power projects in Cambodia, Nationalist China, Indonesia, Korea, Laos, the Philippines, Thailand and Vietnam, improving them so that they will be more attractive prizes or targets for the Reds.

In the Near East and South Asia irrigation and power developments have been financed by ICA in Afghanistan, Ceylon, Egypt, Greece, India, Iran, Iraq, Israel, Jordan, Lebanon, Nepal, Pakistan and Turkey.

In Africa ICA is financing irrigation, reclamation or power projects in Libya, Somaliland, Liberia, Ethiopia, and the Gold Coast, and in Latin America in Chile, Colombia, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, and Panama, a total of 46 countries and 6 colonies.

Probably from ICA's viewpoint this program has been a great success.

FOREIGN COTTON, TOBACCO PRODUCTION
SKYROCKETS

In the Near East cotton production has tripled over that of prewar years, from an annual pre-war average of 471,000 bales to 1,544,000 bales in 1956. In South America it has doubled from 361,000 to 741,000 bales, and in Central America from a negligible 9,000 to 300,000 bales.

ICA-aided areas also have increased tobacco production.

India, a major exporter of flue-cured tobacco, has increased production from 27 million pounds to 125 million pounds and the Central African Federation has increased production from 28 to 166 million pounds.

The free world, excluding the United States, has increased production from 243.7 million pounds to 971.3 million pounds.

Production of oriental and semi-oriental type tobaccos also has increased; in Turkey from 128 million to 245 million pounds, in Greece from 132 million to 185 million, in Yugoslavia from 33 million to 75 million, and in Iran from 10 million to 25 million pounds. Also have received bountiful foreign aid paid for by the American taxpayer including the cotton and tobacco growers.

Free world wheat, meat, and dairy production also has increased enormously in foreign countries as agriculture and husbandry improve with ICA assistance.

As foreign production of farm commodities increases the world market for our own farm products contracts and the world price at which our Government is attempting to dispose of much of our farm surplus sinks.

ICA is subsidizing foreign food production and using American tax dollars to compete against American industry and agriculture.

TAXPAYERS' AWAKENING AWAITED

Mr. President, I will say at this point that if there ever comes to the taxpayers

of America the knowledge of the colossal bungling and waste of American taxpayers' money in foreign lands, it will really cause a furor. How can anyone spend \$5 billion or even \$3 billion in a year, through all of these widespread organizations, and in countries where graft and corruption are rampant and the practice is to keep a part of any money that goes through their hands?

China is a good example. I was in China in 1948. They call it kumshaw. They pay people nothing, but it is understood, a part of everything that goes through their hands will be kept. There is just a difference as to what it is called in the various foreign countries, that is all.

If the taxpayers of America ever fully realize what Congress has done with their money, it will be a sad day. We are responsible for this, whether we think so or not.

BARTERING FARM PRODUCTS FOR FOREIGN MINERALS CLOSING AMERICAN MINES

Early last year at a meeting with a few Senators Mr. Dulles said, "I am running into trouble. When I go out to sell our products at the world price or below the world price, in order to move them, as you have told me to do, I make enemies of the nations which have been furnishing this market."

I told him, "One thing more you are doing, Mr. Secretary, does not suit some of us very well. That is that you are trading the surplus farm products for minerals which our own miners are mining, and shutting down our mines. Some of us do not like that."

TAXPAYERS HELPERS WHILE THEIR DOLLARS SQUANDERED ABROAD

If Senators will listen to their constituents they will know what the effect of continually assessing the helpless taxpayers of America is.

And they are helpless. They are helpless to a point, Mr. President. Let me tell Senators that we could well read a little history. The taxpayers of this country will remain helpless, until they make up their minds what we are doing to them. If some day about 20 percent of them sit on their hands instead of anteing up this money, what are we going to do? I know what we are going to do. That would scare every Senator and every Representative within an inch of his life, and he would never vote for another dime to go any place outside of this country.

MR. PRESIDENT, WE HAVE BEEN LUCKY SO FAR

There is a confidence which is inbred in Americans. It has been so for 180 years. The people have an inbred confidence in their public officials.

The President of the United States is the greatest man in the world—and he is. Let me say to Senators what I think of the President we have now. I think he is an honest man. I think he is one of the finest men I ever met. And I think he is in the hands of the wrong people. He will wake up sometime, and when he does, the people who have been leading him around with these programs of inflation, free trade, billions to Europe, four big organizations to finance American investment abroad to use cheap foreign labor bringing their products back to

compete with the very people he was raised with in Texas and Kansas will be shocked. Do not tell me that the President will go for that, "when he finally wakes up to it. He will not."

REPORT SHOWS GRANTS OF FOREIGN AID BY AGENCIES

Mr. President, I have in my hand what is called a statistical appendix, which is available to Senators here in the Chamber and to others in Congress, but I doubt that many of them have noticed it. This is headed:

REPORTING AGENCIES

Data on foreign grants and credits for the period January through March 1, 1957, are based upon information made available to the Office of Business Economics by the various fiscal, statistical, and operating branches of the agencies listed below. The sources of data for periods prior to December 31, 1956, are given on page S-3 of the preceding quarterly report.

EXPORTING UNITED STATES CAPITAL A MAJOR COMMERCE DEPARTMENT OBJECTIVE

That is a reference which might be interesting. The reporting agencies are listed. They start with the Agriculture Department, the Commodity Credit Corporation, and the Commerce Department.

I have already described one of the real objectives of the Department of Commerce and one of the Cabinet officers of this Nation of ours, which has been the emphasizing of a program, probably more than any other program, of sending American capital abroad and financing through the World Bank, through the Export-Import Bank, and the other organizations.

One is all financed by American capital and the others are 33 percent financed by American capital, controlled by foreign directors. They have emphasized what great success they have had in sending \$44½ billion of American capital into the foreign low-wage nations to establish plants and mines and other industries, and thereafter send the material back to the United States, to compete with the production of the high-wage, high-living standard workingmen here.

I say again that when the American taxpayer finally wakes up there will be woe to the Senate and to the House of Representatives, and it does not matter who is in them at the time, Mr. President.

OTHER AGENCIES VIE IN SPREADING UNITED STATES WEALTH AROUND THE WORLD

I could go ahead with these other departments. They listed the Defense Department, Air Force Department, Army Department, Navy Department, Export-Import Bank, General Services Administration, State Department, International Cooperation Administration, Treasury Department, and United States Information Agency—that great organization.

Mr. President, I do not desire to read this material. It will be interesting, but I doubt if very many will ever review it seriously. It would stand them in good stead if they should do so.

This information is turned out by the Department of Commerce. It has the stamp of the Department of Commerce on it. It is labeled for the Department

of Commerce, United States of America, March 1957 quarter.

The June quarter is due, but it will be available in September. Any Senator can get it when it finally comes out.

BREAKDOWN OF FOREIGN GRANTS AND CREDITS PLACED IN THE RECORD

Why it takes 3 months to get 1 of these quarterly reports out I could not say, but at least this is the report.

Mr. President, I ask unanimous consent to have printed in the RECORD at this time as a part of my remarks the statistical appendix, from page S-1 to and including S-18. This gives a breakdown by geographical area, using the statistical tables in the report, to show where the \$107 billion, or whatever amount is included in this up to June 1957, went, showing all of the nations that I have mentioned, with the list in the quarterly report.

Mr. President, I ask unanimous consent to have printed pages S-1 through S-18 of this report as a part of my remarks.

There being no objection, the excerpt from the statistical appendix was ordered to be printed in the RECORD, as follows:

FOREIGN GRANTS AND CREDITS BY THE UNITED STATES GOVERNMENT REPORTING AGENCIES

Data on foreign grants and credits for the period January through March 1957 are based upon information made available to the Office of Business Economics by the various fiscal, statistical, and operating branches of the agencies listed below. The sources of data for periods prior to December 31, 1956, are given on page S-3 of the preceding quarterly report.

Agriculture Department; Commodity Credit Corporation; Commerce Department; Defense Department; Air Force Department; Army Department; Navy Department; Export-Import Bank; General Services Administration; State Department; International Cooperation Administration; Treasury Department; United States Information Agency.

GEOGRAPHICAL ARRANGEMENT USED IN STATISTICAL TABLES IN THIS REPORT

The following list designates the dependent areas of countries which are included in the grouping Western Europe and dependencies in table 2. Activity has not necessarily been reported for the listed dependency. Because of the inclusion of dependencies in the grouping Western Europe, data shown for other groupings in table 2, particularly Near East and Africa, are correspondingly understated.

Belgium—Luxembourg: Belgian Congo, Ruanda-Urundi.

France: Algeria, Clipperton, French Cameroons, French Equatorial Africa, French Guiana, French Oceania, French Somaliland, French West Africa, French West Indies, Madagascar, New Caledonia, St. Pierre and Miquelon.

Italy (including Trieste): Somaliland Trust Territory.

Netherlands: Netherlands New Guiana, Netherlands West Indies, Surinam.

Portugal: Angola, Azores, Cape Verde Islands, Macao, Madeira Islands, Mozambique, Portuguese Guinea, Portuguese India, Portuguese Timor.

Spain: Canary Islands, Spanish Sahara.

United Kingdom: Aden, Bahamas, Barbados, Bermuda, British Borneo, British East Africa, British Guiana, British Honduras, British Islands East of Africa, British Leeward and Windward Islands, British Solomon Islands, British Somaliland, British South Afri-

ca, Cyprus, Fiji, Gambia, Gibraltar, Gilbert and Ellice Islands, Gold Coast, Hong Kong, Jamaica, Malaya, Malta, New Hebrides (British-French), Nigeria, St. Helena, Sierra Leone, Singapore, South Atlantic areas, Tonga Islands, Trinidad and Tobago Western Pacific Islands (miscellaneous).

Transactions with international agencies are considered foreign transactions. Major agencies for which transactions are reported include the following:

European Coal and Steel Community¹
European Payments Union¹
European Productivity Agency¹
Intergovernmental Committee for European Migration
Intergovernmental Committee for Refugees
International Refugee Organization

Organization of American States²
Pan American Sanitary Bureau²
United Nations
United Nations Children's Fund
United Nations Relief and Rehabilitation Administration

¹ Transactions included in Western Europe.

² Transactions included in American Republics.

TABLE 1.—Summary of foreign grants and credits, by program: ¹ Postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950), calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Net grants and credits.....	58,653	32,306	26,346	4,337	1,090	1,656	768	823	993
Net grants (less conversions).....	47,809	30,748	17,062	4,365	1,088	1,584	818	875	907
Gross grants.....	51,779	32,520	19,259	4,448	1,113	1,601	841	893	1,022
Mutual security.....	37,407	30,336	7,071	4,208	1,042	1,532	794	841	980
Military aid:									
Military supplies and services ^{2,3}M	17,224	17,161	63	2,593	652	1,091	436	414	599
Multilateral-construction program contributions.....M	405	405	-----	68	13	31	22	1	21
Other aid (economic and technical assistance):									
Famine and other urgent and extraordinary relief.....	330	330	-----	108	28	26	21	34	20
Other ²	19,448	12,440	7,008	1,440	348	384	315	393	341
Civilian supplies.....	5,856	978	4,878	4	1	1	1	2	1
UNRRA, post-UNRRA, and interim aid.....	3,443	-----	3,443	-----	-----	-----	-----	-----	-----
Lend-lease.....	1,906	-----	1,906	-----	-----	-----	-----	-----	-----
Military.....M	679	-----	679	-----	-----	-----	-----	-----	-----
Postwar pipelines.....	1,227	-----	1,227	-----	-----	-----	-----	-----	-----
Greek-Turkish aid.....	653	23	629	-----	-----	-----	-----	-----	-----
Military.....M	530	23	507	-----	-----	-----	-----	-----	-----
Other.....	122	(⁵)	122	-----	-----	-----	-----	-----	-----
Philippine rehabilitations.....	635	116	519	-----	-----	-----	-----	-----	-----
Surplus agricultural commodities through private welfare agencies ⁶	547	541	6	185	52	59	34	39	34
Military equipment loans ⁷M	326	326	-----	23	13	5	3	3	-----
Chinese military and naval aid.....M	261	4	258	-----	-----	-----	-----	-----	-----
Inter-American programs.....	186	51	134	10	1	3	2	4	4
Other.....	561	145	416	18	4	2	8	5	3
Less:									
Prior grants converted into credits.....	2,257	1,001	1,256	1	-----	-----	1	-----	-----
Reverse grants and returns.....	1,713	772	941	83	25	18	23	17	25
Mutual security counterpart funds:									
Military aid.....M	60	58	1	16	7	2	1	5	3
Other aid (economic and technical assistance).....	903	570	333	64	15	15	21	13	22
Reverse lend-lease.....	133	-----	133	-----	-----	-----	-----	-----	-----
Cash war-account settlements for lend-lease and other grants.....	120	(⁵)	120	(⁵)	-----	-----	(⁵)	-----	-----
Return of lend-lease ships.....	490	136	354	-----	-----	-----	-----	-----	-----
For military use.....M	189	123	67	-----	-----	-----	-----	-----	-----
For economic value.....	301	14	287	-----	-----	-----	-----	-----	-----
Return of civilian supplies.....	4	4	-----	3	3	-----	-----	-----	-----
Return of military equipment loans ⁷M	4	4	-----	-----	-----	-----	-----	-----	-----
Net credits (including conversions).....	10,843	1,559	9,285	-27	2	72	-50	-52	-3
New credits.....	12,898	3,565	9,333	482	112	181	71	116	118
Export-Import Bank (for own account).....	4,840	2,188	2,651	233	54	74	34	72	61
Direct loans.....	4,564	2,066	2,498	223	47	68	36	72	59
Loans through agent banks.....	275	122	153	10	6	6	Credit 2	(⁵)	2
British loan.....	3,750	-----	3,750	-----	-----	-----	-----	-----	-----
Mutual security ²	2,234	1,243	990	227	54	106	27	40	57
Surplus property (including merchant ships).....	1,492	9	1,482	6	-----	-----	6	-----	-----
Lend-lease (excluding settlement credits).....	71	2	69	-----	-----	-----	-----	-----	-----
Other.....	513	122	390	15	5	2	4	4	1
Plus prior grants converted into credits.....	2,257	1,001	1,256	1	-----	-----	1	-----	-----
Less principal collections.....	4,311	3,007	1,305	509	110	109	122	168	122
Export-Import Bank (for own account).....	2,441	1,809	632	266	85	60	57	64	85
Direct loans.....	2,115	1,633	482	220	59	47	54	61	82
Loans through agent banks.....	326	176	149	46	26	13	4	3	3

Footnotes at end of table.

TABLE 1.—Summary of foreign grants and credits, by program:¹ Postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950), calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

(Millions of dollars)

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Net grants and credits—continued									
Net credits (including conversions)—continued									
Less principal collections—continued									
British loan.....	280	280		49				49	
Mutual security ²	63	63		25	4	10	3	9	3
Surplus property (including merchant ships).....	567	443	124	65	12	16	19	19	18
Grants converted into credits.....	139	118	22	20	(³)	(³)	12	8	1
Lead-lease (excluding settlement credits).....	159	139	21	71	7	19	26	18	15
Other ⁴	662	155	507	13	2	3	5	3	(⁵)

¹ Grants are transfers for which no payment is expected (other than a limited percentage of the foreign currency funds generated by the grantee), or which at most involve an obligation on the part of the receiver to extend aid to the United States or other countries to achieve a common objective. Credits are loan disbursements or transfers under other agreements which give rise to specific obligations to repay, over a period of years, usually with interest. In some instances assistance has been given with the understanding that a decision as to repayment will be made at a later date; such assistance is included in grants. At such time as an agreement is reached for repayment over a period of years, a credit is established. Such credits, cannot, as a rule, be deducted from specific grants recorded in previous periods; an adjustment for grants converted into credits is made at the time of agreement. All known returns to the U. S. Government stemming from grants and credits, other than interest, are taken into account in net grants and net credits. The measure of foreign grants and credits generally is in terms of goods delivered or shipped by the U. S. Government, services rendered by the U. S. Government, or cash disbursed by the U. S. Government to or for the account of a foreign government or other foreign entity. The Government's capital investments in the International Bank (\$635,000,000), International Finance Corporation (\$35,000,000), and International Monetary Fund (\$2,750,000,000) are not included in these data although they constitute an additional measure taken by this Government to promote foreign economic recovery and development. Payments to these international financial institutions do not result in immediate equivalent aid to foreign countries. Use of available dollar funds is largely determined by the managements of the institutions, in some instances subject to certain controls which can be exercised by the U. S. Government.

Further definition and explanation of these data are contained in the Foreign Aid supplement to the Survey of Current Business, published November 1952, and in the explanatory notes to the appendixes of the National Advisory Council on International Monetary and Financial Problem Semiannual Reports to the President and to the Congress.

² Includes foreign currencies which were obtained through sale of agricultural commodities under title 1 of the Agricultural Trade Development and Assistance

Act (Public Law 83-480, as amended) and which were available under secs. 104 (c), (d), (e), and (g) for expenditure without charge to a dollar appropriation.

³ Includes mutual security program aid for common-use items which are to be used by military forces of nations receiving assistance, and for direct forces support, when such assistance provided under secs. 123 and 124 of Public Law 83-465, as amended, is administered in accordance with ch. 1, Military Assistance, of title I of that act; Cash transfers are included in "Other aid (economic and technical assistance)". see footnote 4.

⁴ Includes mutual security program aid for economic and technical assistance use from military aid appropriations. Also includes mutual security program aid from appropriations for common-use items which are to be used by military forces of nations receiving assistance, and for direct forces support, when such assistance under secs. 123 and 124 of Public Law 83-465 is administered in accordance with ch. 3, Defense Support, of title I of that act. Also includes transfers of funds for forces support (for example, in Cambodia, Laos, and Vietnam (and forces of France located in such states)) and of funds in support of production for forces support.

⁵ Less than \$500,000. M—Programs identified by M are included in "Military grants" in table 2.

⁶ Includes donations of agricultural commodities transferred through United Nations Children's Fund under authority of sec. 416 of Public Law 81-439, as amended by title 111 of Public Law 831-480.

⁷ "Military equipment loans" are included in this report as part of military grants; these "loans" are essentially transfers on an indeterminate basis, generally requiring only the return of the identical item, if available. In essence this was the requirement pertaining to wartime lend-lease transfers of watercraft, which were included as grant transfers in these data.

⁸ Values for deliveries of materials in payment of principal reported as collected by the General Services Administration on deficiency and strategic-materials-development loans are in some instances estimated when first reported. Reported data have been adjusted to eliminate obvious (negative) bookkeeping adjustments as final values are recorded.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957

(Millions of dollars)

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Net grants and credits.....	58,653	32,306	26,346	4,337	1,090	1,656	768	823	993
Net grants (less conversions).....	47,809	30,748	17,062	4,365	1,088	1,584	818	875	997
Gross grants.....	51,779	32,520	19,259	4,448	1,113	1,601	841	893	1,022
Less prior grants converted into credits.....	2,257	1,001	1,256	1			1		
Less reverse grants and returns.....	1,713	772	941	83	25	18	23	17	25
Net credits (including conversions).....	10,843	1,559	9,285	-27	2	72	-50	-52	-3
New credits.....	12,898	3,565	9,333	482	112	181	71	116	118
Plus prior grants converted into credits.....	2,257	1,001	1,256	1			1		
Less principal collections.....	4,311	3,007	1,305	509	110	109	122	168	122
Total grants and credits, by type:									
Military grants, net ^{2,3}	19,172	17,735	1,438	2,668	671	1,124	459	413	617
Gross grants.....	19,426	17,920	1,506	2,684	679	1,127	461	417	620
Less reverse grants and returns.....	253	185	68	16	7	2	1	5	3
Other grants and credits, net.....	39,480	14,571	24,909	1,670	419	532	309	410	377
Net grants (less conversions).....	28,637	13,013	15,624	1,697	416	459	359	463	380
Gross grants.....	32,354	14,601	17,753	1,765	434	475	381	475	402
Less prior grants converted into credits.....	2,257	1,001	1,256	1			1		
Less reverse grants and returns.....	1,460	587	873	67	18	15	21	13	22
Net credits (including conversions).....	10,843	1,559	9,285	-27	2	72	-50	-52	-3
New credits.....	12,898	3,565	9,333	482	112	181	71	116	118
Plus prior grants converted into credits.....	2,257	1,001	1,256	1			1		
Less principal collections.....	4,311	3,007	1,305	509	110	109	122	168	122

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Total grants and credits, by area:									
Western Europe (excluding Greece and Turkey) and dependent areas: ^{2,4}									
Net grants and credits.....	36,221	18,286	17,934	1,726	470	782	248	226	348
Net grants (less conversions).....	28,005	18,177	9,828	1,953	517	792	325	320	403
Gross grants.....	31,199	19,737	11,463	2,018	537	805	344	333	423
Less prior grants converted into credits.....	1,970	1,000	970						
Less reverse grants and returns.....	1,225	560	665	66	20	13	19	13	19
Net credits (including conversions).....	8,215	110	8,106	-226	-47	-10	-76	-93	-56
New credits.....	8,625	1,008	7,617	52	2	34	3	13	6
Plus prior grants converted into credits.....	1,970	1,000	970						
Less principal collections.....	2,379	1,898	481	278	49	44	79	106	61
Eastern Europe:									
Net grants and credits.....	1,095	-12	1,107	-3	-1	-1	1	-1	(⁵)
Net grants (less conversions).....	803	14	788	3	(⁵)		3		2
Gross grants.....	1,065	28	1,037	3	⁵ Credit		3		2
Less prior grants converted into credits.....	222		222				(⁵)		
Less reverse grants and returns.....	39	14	26	(⁵)					
Net credits (including conversions).....	292	-26	319	-6	-1	-1	-2	-1	-1
New credits.....	123		123						
Plus prior grants converted into credits.....	222		222						
Less principal collections.....	53	26	27	6	1	1	2	1	1
Near East (including Greece and Turkey) and Africa: ⁶									
Net grants and credits.....	5,514	4,148	1,366	678	168	223	151	136	156
Net grants (less conversions).....	4,863	3,739	1,124	594	140	204	128	122	158
Gross grants.....	5,085	3,833	1,252	603	142	208	130	124	159
Less prior grants converted into credits.....	9		9						
Less reverse grants and returns.....	214	94	120	9	2	3	2	2	2
Net credits (including conversions).....	651	409	242	84	28	19	23	14	-1
New credits.....	856	558	298	110	34	27	27	22	9
Plus prior grants converted into credits.....	9		9						
Less principal collections.....	214	148	65	26	6	8	4	8	9
South Asia, other Asia, and Pacific:									
Net grants and credits.....	13,064	8,217	4,847	1,720	408	603	306	403	370
Net grants (less conversions).....	12,163	7,677	4,486	1,567	380	517	306	365	343
Gross grants.....	12,394	7,724	4,670	1,575	384	518	307	366	347
Less prior grants converted into credits.....	53		53						
Less reverse grants and returns.....	178	47	130	8	4	1	1	2	4
Net credits (including conversions).....	901	540	361	153	29	86	1	38	27
New credits.....	1,633	905	728	226	58	99	19	50	59
Plus prior grants converted into credits.....	53		53						
Less principal collections.....	785	365	420	73	29	13	19	12	32
American Republics: ⁷									
Net grants and credits.....	1,477	1,121	356	113	22	25	40	27	77
Net grants (less conversions).....	743	606	137	138	26	43	33	36	49
Gross grants.....	800	660	140	139	26	43	34	36	49
Less prior grants converted into credits.....	3	1	2	1			1		
Less reverse grants and returns.....	54	53	(⁵)	(⁵)		(⁵)		(⁵)	
Net credits (including conversions).....	733	515	219	-25	-4	-18	7	-9	27
New credits.....	1,433	1,045	388	94	18	21	23	32	45
Plus prior grants converted into credits.....	3	1	2	1			1		
Less principal collections.....	702	531	171	120	22	40	16	41	18
Canada:									
Net grants and credits.....	-6	-7	1	-5	-2	-3	-(⁵)	-(⁵)	-(⁵)
Net grants.....									
Gross grants.....	4	4							
Less reverse grants and returns.....	4	4							
Net credits.....	-6	-7	1	-5	-2	-3	-(⁵)	-(⁵)	-(⁵)
New credits.....	163	22	142	(⁵)		(⁵)			(⁵)
Less principal collections.....	169	28	141	5	2	3	(⁵)	(⁵)	(⁵)
Other international organizations and unspecified areas:									
Net grants and credits.....	1,288	553	736	108	26	28	22	33	43
Net grants (gross grants).....	1,232	534	698	110	26	28	24	33	43
Net credits.....	56	18	38	-2			-2		
New credits.....	65	27	38						
Less principal collections.....	9	9		2			2		

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Total grants and credits by area—Continued									
Military grants: ^{2 3}									
Net grants.....	19,172	17,735	1,438	2,668	671	1,124	459	413	617
Gross grants.....	19,426	17,920	1,506	2,684	679	1,127	461	417	620
Less: Reverse grants and returns.....	253	185	68	16	7	2	1	5	3
Western Europe (excluding Greece and Turkey): ²									
Net grants.....	11,626	11,581	45	1,601	444	682	246	230	345
Gross grants.....	11,722	11,676	46	1,610	448	683	246	232	345
Less: Reverse grants and returns.....	96	94	1	9	4	2	1	2	2
Near East (including Greece and Turkey) and Africa:									
Net grants.....	2,499	1,982	518	341	72	134	80	55	93
Gross grants.....	2,516	1,998	518	342	73	134	80	56	93
Less: Reverse grants and returns.....	16	16		1	1	(⁵)	(⁵)	1	
South Asia, other Asia, and Pacific:									
Net grants.....	4,537	3,665	871	643	144	279	110	110	147
Gross grants.....	4,620	3,682	938	649	147	279	111	112	149
Less: Reverse grants and returns.....	84	17	67	5	3	(⁵)	1	2	2
American Republics:									
Net grants.....	317	317		58	6	21	18	12	25
Gross grants.....	371	371		58	6	21	18	12	25
Less: Reverse grants and returns.....	53	53		(⁵)		(⁵)		(⁵)	
Canada:									
Net grants.....									
Gross grants.....	4	4							
Less: Reverse grants and returns.....	4	4							
Unspecified areas: Net grants (gross grants).....	193	189	4	25	4	9	6	6	7
Other grants and credits:									
Net grants and credits.....	39,480	14,571	24,909	1,670	419	532	309	410	377
Net grants (less conversions).....	28,637	13,013	15,624	1,697	416	459	359	463	380
Gross grants.....	32,354	14,601	17,753	1,765	434	475	381	475	402
Less: Prior grants converted into credits.....	2,257	1,001	1,256	1			1		
Less: Reverse grants and returns.....	1,460	587	873	67	18	15	21	13	22
Net credits (including conversions).....	10,843	1,559	9,285	-27	2	72	-50	-52	-3
New credits.....	12,898	3,565	9,333	482	112	181	72	116	118
Plus: Prior grants converted into credits.....	2,257	1,001	1,256	1			1		
Less: Principal collections.....	4,311	3,007	1,305	509	110	109	122	168	122
Western Europe (excluding Greece and Turkey) and dependent areas: ⁴									
Net grants and credits.....	24,595	6,705	17,889	125	26	100	3	-3	3
Net grants (less conversions).....	16,379	6,596	9,783	351	73	110	79	90	59
Gross grants.....	19,477	8,001	11,416	408	89	121	97	101	77
Less: Prior grants converted into credits.....	1,970	1,000	97						
Less: Reverse grants and returns.....	1,129	465	664	57	16	11	19	11	18
Net credits (including conversions).....	8,216	110	8,106	-226	-47	-10	-76	-93	-56
New credits.....	8,625	1,008	7,617	52	2	34	3	13	6
Plus: Prior grants converted into credits.....	1,970	1,000	970						
Less: Principal collections.....	2,379	1,898	481	278	49	44	79	106	61
Austria:									
Net grants and credits.....	1,018	318	700	5	-2	4	2	1	
Net grants.....	1,010	334	677	3	-2	3	1	1	(⁵)
Gross grants.....	1,064	364	700	6	1	3	1	1	(⁵)
Less: Reverse grants and returns.....	54	30	24	3	3		(⁵)		
Net credits.....	8	-15	23	2	(⁵)	1	1	1	-1
New credits.....	34	9	25	3	(⁵)	1	1	1	(⁵)
Less: Principal collections.....	26	24	2	1	(⁵)	(⁵)	(⁵)	1	1
Belgium—Luxembourg and dependent areas:									
Net grants and credits.....	719	119	600	-6	-1	-1	-2	-2	-2
Net grants.....	581	161	420	1	1	1		(⁵)	(⁵)
Gross grants.....	583	162	420	1	1	1		(⁵)	(⁵)
Less: Reverse grants and returns.....	2	2	(⁵)	(⁵)	(⁵)			(⁵)	
Net credits.....	139	-42	180	-7	-2	-2	-2	-2	-2
New credits.....	240	25	214						
Less: Principal collections.....	101	67	34	7	2	2	2	2	2

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—Continued									
Denmark:									
Net grants and credits.....	282	97	185	1	— ⁽⁵⁾	2	— ⁽⁵⁾	—1	⁽⁵⁾
Net grants.....	234	101	133	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	— ⁽⁵⁾		
Gross grants.....	248	107	141	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾		
Less: Reverse grants and returns.....	14	6	8	⁽⁵⁾	⁽⁵⁾		⁽⁵⁾		⁽⁵⁾
Net credits.....	48	—4	52	1	—\$1	2	— ⁽⁵⁾	—1	⁽⁵⁾
New credits.....	57	5	52	2		2	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾
Less: Principal collections.....	9	9	⁽⁵⁾	2	1	1	1	1	⁽⁵⁾
Finland:									
Net grants and credits.....	70	—31	101	—5	—2	—1	—2	— ⁽⁵⁾	—2
Net grants (gross grants).....	4	2	2						
Net credits.....	67	—32	99	—5	—2	—1	—2	— ⁽⁵⁾	—2
New credits.....	126	⁽⁵⁾	126						
Less: Principal collections.....	59	32	27	5	2	1	2	⁽⁵⁾	2
France and dependent areas:									
Net grants and credits.....	5,511	1,803	3,708	35	—2	25	—4	16	—15
Net grants (less conversions).....	3,833	2,167	1,666	100	21	25	37	17	8
Gross grants.....	4,371	2,264	2,107	100	21	25	37	17	8
Less: Prior grants converted into credits.....	353		353						
Less: Reverse grants and returns.....	184	97	87	1	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾
Net credits (including conversions).....	1,678	—364	2,042	—64	—23	— ⁽⁵⁾	—40	—1	—24
New credits.....	2,117	350	1,767	1	1	1			
Plus: Prior grants converted into credits.....	353		353						
Less: Principal collections.....	792	714	78	66	23	1	40	1	24
Germany:									
Net grants and credits.....	3,894	811	3,083	23	7	10	3	1	—6
Net grants (less conversions).....	2,741	—125	2,867	46	11	17	7	11	3
Gross grants.....	3,818	911	2,907	46	11	17	7	11	3
Less: Prior grants converted into credits.....	1,000	1,000							
Less: Reverse grants and returns.....	77	37	40	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾		⁽⁵⁾	⁽⁵⁾
Net credits (including conversions).....	1,153	936	216	—23	—3	—7	—3	—10	—9
New credits.....	346	87	258	⁽⁵⁾		⁽⁵⁾		⁽⁵⁾	
Plus: Prior grants converted into credits.....	1,000	1,000							
Less: Principal collections.....	193	151	42	23	3	7	3	10	9
Iceland:									
Net grants and credits.....	33	23	10	— ⁽⁵⁾	— ⁽⁵⁾	— ⁽⁵⁾	⁽⁵⁾	— ⁽⁵⁾	— ⁽⁵⁾
Net grants.....	28	20	8	⁽⁵⁾	— ⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾
Gross grants.....	30	22	8	⁽⁵⁾	Credit ⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾
Less: Reverse grants and returns.....	2	2	⁽⁵⁾						
Net credits.....	5	3	2	— ⁽⁵⁾		— ⁽⁵⁾		— ⁽⁵⁾	— ⁽⁵⁾
New credits.....	6	3	2						
Less: Principal collections.....	⁽⁵⁾	⁽⁵⁾		⁽⁵⁾		⁽⁵⁾		⁽⁵⁾	⁽⁵⁾
Ireland:									
Net grants and credits.....	145	46	99	—1		— ⁽⁵⁾		— ⁽⁵⁾	
Net grants.....	17	15	3						
Gross grants.....	18	15	3						
Less: Reverse grants and returns.....	1	1	⁽⁵⁾						
Net credits.....	128	32	96	—1		— ⁽⁵⁾		— ⁽⁵⁾	
New credits.....	128	32	96						
Less: Principal collections.....	1	1		1		⁽⁵⁾		⁽⁵⁾	
Italy (including Trieste) and dependent area:									
Net grants and credits.....	2,822	839	1,983	49	25	7	8	9	13
Net grants.....	2,569	942	1,626	66	31	10	13	13	12
Gross grants.....	2,649	995	1,654	66	32	10	13	13	12
Less: Reverse grants and returns.....	80	52	28	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾			
Net credits.....	253	—103	356	—17	—6	—3	—5	—3	2
New credits.....	451	46	405	6	1		1	4	4
Less: Principal collections.....	198	149	49	23	7	3	5	7	3
Netherlands and dependent areas:									
Net grants and credits.....	1,017	160	857	—25	—7	—9	—3	—5	—3
Net grants (less conversions).....	792	327	465	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾
Gross grants.....	891	353	538	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾
Less: Prior grants converted into credits.....	47		47						
Less: Reverse grants and returns.....	51	26	26						
Net credits (including conversions).....	225	—168	392	—25	—7	—9	—3	—5	—3
New credits.....	389	20	369						
Plus: Prior grants converted into credits.....	47		47						
Less: Principal collections.....	211	188	24	25	7	9	3	5	3

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—Continued									
Norway:									
Net grants and credits.....	294	102	192	-9	-2	-2	-2	-3	-2
Net grants (less conversions).....	210	121	88	1	1	-(⁵)	(⁵)	-(⁵)	(⁵)
Gross grants.....	237	132	105	2	1	(⁵)	(⁵)	(⁵)	(⁵)
Less: Prior grants converted into credits.....	6		6						
Less: Reverse grants and returns.....	21	10	11	(⁵)	(⁵)	(⁵)		(⁵)	
Net credits (including conversions).....	85	-19	104	-11	-3	-2	-2	-3	-2
New credits.....	135	25	109	(⁵)	(⁵)				(⁵)
Plus: Prior grants converted into credits.....	6		6						
Less: Principal collections.....	56	44	11	11	3	2	2	3	2
Portugal and dependent areas:									
Net grants and credits.....	70	65	5	2	1	1	1	-(⁵)	(⁵)
Net grants.....	19	18	1	4	1	2	1	(⁵)	(⁵)
Gross grants.....	20	19	1	4	1	2	1	(⁵)	(⁵)
Less: Reverse grants and returns.....	1	1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)		
Net credits.....	51	47	4	-2	-(⁵)	-1	-(⁵)	-1	-(⁵)
New credits.....	54	50	4	(⁵)				(⁵)	(⁵)
Less: Principal collections.....	3	3	(⁵)	2	(⁵)	1	(⁵)	1	(⁵)
Spain and dependent areas:									
Net grants and credits.....	187	187	(⁵)	83	8	50	11	15	6
Net grants.....	92	92	(⁵)	46	7	21	11	8	5
Gross grants.....	187	187	(⁵)	96	17	31	30	19	23
Less: Reverse grants and returns.....	96	96		50	10	10	18	11	18
Net credits.....	95	95		37	1	29	(⁵)	7	1
New credits.....	121	121		39	1	30	1	8	1
Less: Principal collections.....	26	26		2		1	(⁵)	1	1
Sweden:									
Net grants and credits.....	107	38	68	-1		-(⁵)		-(⁵)	
Net grants (gross grants).....	87	42	45						
Net credits.....	20	-4	23	-1		-(⁵)		-(⁵)	
New credits.....	24		24						
Less: Principal collections.....	5	4	1	1		(⁵)		(⁵)	
United Kingdom and dependent areas:									
Net grants and credits.....	6,844	1,051	5,793	-61	1	11	-13	-61	7
Net grants (less conversions).....	2,729	1,439	1,290	47	2	27	6	13	21
Gross grants.....	3,812	1,520	2,291	47	2	27	6	13	21
Less: Prior grants converted into credits.....	562		562						
Less: Reverse grants and returns.....	520	81	439	(⁵)		(⁵)			
Net credits (including conversions).....	4,116	-388	4,503	-108	-1	-16	-18	-73	-14
New credits.....	4,244	91	4,153						
Plus: Prior grants converted into credits.....	562		562						
Less: Principal collections.....	691	478	213	108	1	16	18	73	14
Yugoslavia:									
Net grants and credits.....	795	484	311	29	-2	3	1	26	7
Net grants (less conversions).....	748	450	298	32		3	3	26	8
Gross grants.....	773	474	299	35	1	4	3	26	8
Less: Prior grants converted into credits.....	1		1						
Less: Reverse grants and returns.....	25	25		2	1	1	(⁵)	(⁵)	(⁵)
Net credits (including conversions).....	47	34	13	-3	-2		-2		-2
New credits.....	55	43	12						
Plus: Prior grants converted into credits.....	1		1						
Less: Principal collections.....	9	9		3	2		2		2
Other and unspecified Western Europe: ⁴									
Net grants and credits.....	784	591	193	4	1	1	1	1	1
Net grants (gross grants).....	684	491	193	4	1	1	1	1	1
Net credits (new credits).....	100	100							
Eastern Europe:									
Net grants and credits.....	1,095	-12	1,107	-3	-1	-1	1	-1	(⁵)
Net grants (less conversions).....	803	14	788	3	(⁵) -*		3		2
Gross grants.....	1,065	28	1,037	3	(⁵)		3		2
Less: Prior grants converted into credits.....	222		222						
Less: Reverse grants and returns.....	39	14	26	(⁵)			(⁵)		
Net credits (including conversions).....	292	-26	319	-6	-1	-1	-2	-1	-1
New credits.....	123		123						
Plus: Prior grants converted into credits.....	222		222						
Less: Principal collections.....	53	26	27	6	1	1	2	1	1

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—Continued									
Eastern Europe—Continued									
Czechoslovakia:									
Net grants and credits.....	191	2	189						
Net grants.....	186	2	183						
Gross grants.....	186	2	183						
Less: Reverse grants and returns.....	(⁵) 15		(⁵) 6						
Net credits.....		-1							
New credits.....	30		30						
Less: Principal collections.....	25	1	24						
Eastern Germany: Net grants (gross grants).....	17	17		—(⁵)	—(⁵)		(⁵)		—(⁵)
Poland:									
Net grants and credits.....	418	-23	441	-6	-1	-1	-2	-1	-1
Net grants.....	365	—(⁵)	365	—(⁵)			—(⁵)		
Gross grants.....	365		365						
Less: Reverse grants and returns.....	(⁵) 53	(⁵) -23	(⁵) 76	(⁵) -6	-1	-1	(⁵) -2	-1	-1
Net credits.....									
New credits.....	78		78						
Less: Principal collections.....	24	23	1	6	1	1	2	1	1
U. S. S. R.:									
Net grants and credits.....	426	-14	440						
Net grants (less conversions).....	204	-14	217						
Gross grants.....	465		465						
Less: Prior grants converted into credits.....	222		222						
Less: Reverse grants and returns.....	39	14	26						
Net credits (prior grants converted into credits).....	222		222						
Other Eastern Europe:									
Net grants and credits.....	43	6	37	3	—(⁵)	—(⁵)	3	(⁵)	2
Net grants (gross grants).....	31	8	23	3			3		2
Net credits.....	12	-3	14	—(⁵)	—(⁵)	—(⁵)		—(⁵)	—(⁵)
New credits.....	16		16						
Less: Principal collections.....	4	3	2	(⁵)	(⁵)	(⁵)		(⁵)	(⁵)
Near East and Africa: ²									
Net grants and credits.....	3,014	2,167	848	337	96	89	71	81	63
Net grants (less conversions).....	2,363	1,757	606	253	67	71	48	67	64
Gross grants.....	2,569	1,835	734	261	69	74	50	68	66
Less: Prior grants converted into credits.....	9		9						
Less: Reverse grants and returns.....	198	78	120	8	1	3	2	1	2
Net credits (including conversions).....	651	409	242	84	28	19	23	14	-1
New credits.....	856	558	298	110	34	27	27	22	9
Plus: Prior grants converted into credits.....	9		9						
Less: Principal collections.....	214	148	65	26	6	8	4	8	9
Egypt:									
Net grants and credits.....	70	63	7	27	11	8	5	3	2
Net grants (gross grants).....	66	66	(⁵) 7	(⁵) 27	12	8	5	3	2
Net credits.....	4	-3			-1		1		
New credits.....	19	2	18	2			2		
Less: Principal collections.....	16	5	11	1	1		1		
Greece:									
Net grants and credits.....	1,359	583	776	54	15	14	13	11	1
Net grants.....	1,268	592	676	44	11	10	10	12	3
Gross grants.....	1,334	637	696	45	12	11	11	12	3
Less: Reverse grants and returns.....	66	46	20	2	1	1	(⁵) 1	(⁵) 12	(⁵) 3
Net credits.....	91	-9	99	10	4	4	2	-1	-1
New credits.....	140	29	111	16	6	7	3		
Less: Principal collections.....	49	38	12	5	1	3	(⁵) 3	1	1
Iran:									
Net grants and credits.....	283	270	14	56	16	12	12	17	17
Net grants (less conversions).....	204	212	-8	34	4	11	6	12	14
Gross grants.....	220	220	1	34	4	11	6	12	14
Less: Prior grants converted into credits.....	9		9						
Less: Reverse grants and returns.....	9	9							
Net credits (including conversions).....	79	58	22	22	12	(⁵)	5	5	3
New credits.....	81	58	23	22	12	(⁵)	5	5	3
Plus: Prior grants converted into credits.....	9		9						
Less: Principal collections.....	10	(⁵)	10	(⁵)	(⁵)			(⁵)	(⁵)

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—Continued									
Near East and Africa—Continued									
Israel:									
Net grants and credits.....	407	374	33	25	9	12	2	3	-2
Net grants.....	257	257	1	14	7	3	2	2	3
Gross grants.....	258	257	1	14	7	3	2	2	3
Less: Reverse grants and returns.....	(⁵) 150	(⁵) 118	32	11	2	9	—(⁵)	(⁵)	-5
New credits.....	171	139	32	13	3	9	1	(⁵)	1
Less: Principal collections.....	21	21		2	1		1		6
Jordan:									
Net grants.....	32	32		5	2	1	1	2	1
Gross grants.....	32	32		5	2	1	1	2	1
Less: Reverse grants and returns.....	(⁵)	(⁵)							
Liberia:									
Net grants and credits.....	29	13	16	2	(⁵)	1	1	(⁵)	1
Net grants (gross grants).....	8	8	(⁵)	1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Net credits.....	21	5	16	1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
New credits.....	26	10	16	1	(⁵)	(⁵)	1	(⁵)	1
Less principal collections.....	6	6		(⁵)	(⁵)		(⁵)	(⁵)	1
Libya: Net grants (gross grants).....	42	42		13	1	2	9	1	4
Rhodesia and Nyasaland:									
Net credits.....	56	56		9	2	1	3	3	(⁵)
New credits.....	61	61		11	4	1	3	4	1
Less principal collections.....	5	5		1	1			(⁵)	1
Turkey:									
Net grants and credits.....	474	399	75	94	27	28	14	24	24
Net grants.....	346	337	9	72	23	25	5	19	24
Gross grants.....	376	361	16	78	24	27	7	21	26
Less reverse grants and returns.....	31	24	7	6	(⁵)	2	2	1	2
Net credits.....	129	62	66	22	4	4	9	5	—(⁵)
New credits.....	169	92	77	24	5	4	10	5	(⁵)
Less principal collections.....	40	30	11	2	1	(⁵)	1	(⁵)	1
Union of South Africa:									
Net grants and credits.....	32	124	-91	11	4	1	3	2	1
Net grants (reverse grants and returns).....	-92		-92						
Net credits.....	125	124	1	11	4	1	3	2	1
New credits.....	144	143	1	20	5	5	3	8	2
Less principal collections.....	19	19	(⁵)	10	(⁵)	4	1	5	1
Other and unspecified Near East and Africa: ⁶									
Net grants and credits.....	230	212	18	40	7	9	9	15	14
Net grants (less conversions).....	232	212	20	42	7	10	9	16	14
Gross grants.....	233	213	20	42	7	10	9	16	14
Less:									
Prior grants converted into credits.....	(⁵)		(⁵)						
Reverse grants and returns.....	(⁵)	(⁵)							
Net credits (including conversions).....	-3	-1	-2	-3	—(⁵)	-1	—(⁵)	-1	1
New credits.....	44	24	20	(⁵)		(⁵)		(⁵)	
Plus prior grants converted into credits.....	(⁵) 47	25	(⁵) 22	3	(⁵)	1	(⁵)	1	(⁵)
Less principal collections.....									
South Asia:									
Net grants and credits.....	832	819	12	191	59	59	39	35	28
Net grants (less conversions).....	515	543	-28	151	51	40	30	30	26
Gross grants.....	554	551	3	152	51	41	30	30	29
Less:									
Prior grants converted into credits.....	2		2						
Reverse grants and returns.....	36	8	29	1	(⁵)	(⁵)	(⁵)		(⁵)
Net credits (including conversions).....	317	276	40	39	8	19	9	4	2
New credits.....	322	281	41	40	8	19	9	5	2
Plus prior grants converted into credits.....	2		2						
Less principal collections.....	8	5	2	1				1	
Afghanistan:									
Net grants and credits.....	51	51	(⁵)	14	2	2	5	4	7
Net grants (gross grants).....	14	14	(⁵)	4	(⁵)	1	1	2	6
Net credits (new credits).....	37	37		10	2	2	4	2	1

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—Continued									
South Asia—Continued									
India:									
Net grants and credits.....	479	467	12	82	17	32	16	17	10
Net grants (less conversions).....	227	255	-28	62	14	18	14	16	9
Gross grants.....	258	255	3	62	14	18	14	16	9
Less:									
Prior grants converted into credits.....	2		2						
Reverse grants and returns.....	29		29						
Net credits (including conversions).....	252	211	40	20	2	14	3	1	(⁵)
New credits.....	257	217	40	21	2	14	3	2	(⁵)
Plus prior grants converted into credits.....	2		2						
Less principal collections.....	7	5	2	1				1	
Pakistan:									
Net grants and credits.....	278	278	(⁵)	91	40	24	16	11	10
Net grants.....	250	250	(⁵)	82	36	21	14	10	9
Gross grants.....	258	258	(⁵)	82	36	21	14	10	12
Less reverse grants and returns.....	8	8		1	(⁵)	(⁵)	(⁵)		2
Net credits.....	28	28		10	4	3	2	1	1
New credits.....	28	28	(⁵)	10	4	3	2	1	1
Less principal collections.....	(⁵)		(⁵)						
Other and unspecified south Asia: Net grants (gross grants).....	24	24		4	(⁵)	1	1	2	2
Other Asia and Pacific:									
Net grants and credits.....	7,696	3,732	3,963	886	205	265	158	258	195
Net grants (less conversions).....	7,112	3,469	3,643	772	185	198	166	224	170
Gross grants.....	7,220	3,492	3,728	774	185	198	166	224	169
Less:									
Prior grants converted into credits.....	51		51						
Reverse grants and returns.....	57	23	35	2	1	(⁵)	(⁵)	(⁵)	(⁵)
Net credits (including conversions).....	584	263	321	114	21	67	-8	34	25
New credits.....	1,311	624	687	186	50	81	11	45	57
Plus prior grants converted into credits.....	51		51						
Less principal collections.....	777	360	417	72	29	13	19	11	32
Burma:									
Net grants and credits.....	22	18	5	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Net grants.....	21	21	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Gross grants.....	21	21	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Less reverse grants and returns.....	1	1							
Net credits.....	2	-3	5	(⁵)		(⁵)			(⁵)
New credits.....	5		(⁵)						
Less principal collections.....	3	3	(⁵)	(⁵)		(⁵)			(⁵)
China-Taiwan (Formosa):									
Net grants and credits.....	1,376	557	819	114	33	28	27	25	34
Net grants (less conversions).....	1,240	540	700	94	25	23	26	20	26
Gross grants.....	1,296	543	753	94	25	23	26	20	26
Less: Prior grants converted into credits.....	50		50						
Less: Reverse grants and returns.....	6	3	3						(⁵)
Net credits (including conversions).....	136	17	120	20	8	6	1	5	7
New credits.....	212	33	179	22	8	6	2	5	7
Plus prior grants converted into credits.....	50		50						
Less: Principal collections.....	126	16	110	2	(⁵)	(⁵)	1	(⁵)	(⁵)
Indochina (Cambodia, Laos, and Vietnam):									
Net grants and credits.....	785	785	(⁵)	312	61	92	55	103	68
Net grants.....	760	760	(⁵)	287	61	67	55	103	68
Gross grants.....	762	762	(⁵)	287	61	67	55	103	68
Less: Reverse grants and returns.....	3	3		(⁵)		(⁵)	(⁵)		(⁵)
Net credits (new credits).....	25	25		25		25			
Cambodia:									
Net grants.....	(⁵)	(⁵)	(⁵)	37	9	3	10	16	6
Gross grants.....	(⁵)	(⁵)	(⁵)	37	9	3	10	16	6
Less: Reverse grants and returns.....	(⁵)	(⁵)	(⁵)	(⁵)		(⁵)	(⁵)		(⁵)
Laos:									
Net grants.....	(⁵)	(⁵)	(⁵)	52	15	13	6	17	11
Gross grants.....	(⁵)	(⁵)	(⁵)	52	15	13	6	17	11
Less: Reverse grants and returns.....	(⁵)	(⁵)	(⁵)	(⁵)		(⁵)			

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—continued									
Cambodia—continued									
Vietnam:									
Net grants and credits.....	(⁶)	(⁶)	(⁶)	221	37	74	40	70	51
Net grants (gross grants).....	(⁶)	(⁶)	(⁶)	196	37	49	40	70	51
Net credits (new credits).....	(⁶)	(⁶)	(⁶)	25		25			
Unspecified Indochina: Net grants (gross grants).....	(⁶)	(⁶)	(⁶)	2	(⁵)	1	(⁵)	—(⁵)	
Indonesia:									
Net grants and credits.....	258	93	164	11	3	4	—(⁵)	5	—1
Net grants.....	120	36	84	9	2	2	2	3	1
Gross grants.....	125	38	87	9	2	2	2	3	1
Less: Reverse grants and returns.....	5	1	4	(⁵)		(⁵)	(⁵)		(⁵)
Net credits.....	138	57	80	2	1	2	—3	2	—2
New credits.....	158	77	81	10	3	2	2	2	(⁵)
Less: Principal collections.....	21	20	(⁵)	8	2	(⁵)	4	1	2
Japan and Ryukyu Islands:									
Net grants and credits.....	2,608	634	1,973	80	13	22	4	41	23
Net grants (gross grants).....	2,442	483	1,959	20	1	1	3	14	3
Net credits.....	165	151	14	60	12	21	1	27	20
New credits.....	699	399	300	106	38	33	3	33	48
Less: Principal collections.....	534	248	286	46	26	12	2	6	28
Korea:									
Net grants and credits.....	1,679	1,312	367	309	81	94	67	67	56
Net grants.....	1,658	1,312	346	309	81	94	67	67	56
Gross grants.....	1,676	1,321	355	310	81	94	67	67	56
Less: Reverse grants and returns.....	18	9	9	1	1	(⁵)			
Net credits.....	21		21						
New credits.....	25		25						
Less: Principal collections.....	4		4						
Philippines:									
Net grants and credits.....	848	228	620	16	6	5	1	4	4
Net grants.....	775	220	555	20	7	4	3	7	5
Gross grants.....	780	224	555	21	7	4	4	7	5
Less: Reverse grants and returns.....	4	4		1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Net credits.....	73	7	65	—4	—1	1	—2	—3	—1
New credits.....	140	61	79	3	(⁵)	1	2	(⁵)	(⁵)
Less: Principal collections.....	67	54	14	7	1	(⁵)	4	3	1
Thailand:									
Net grants and credits.....	88	83	5	39	8	7	11	14	12
Net grants.....	79	79	(⁵)	32	7	7	8	9	10
Gross grants.....	80	80	(⁵)	32	7	7	8	9	10
Less: Reverse grants and returns.....	1	1		(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Net credits.....	9	4	5	7	(⁵)	(⁵)	2	4	2
New credits.....	16	10	6	7	(⁵)	(⁵)	2	4	2
Less: Principal collections.....	7	6	1	(⁵)	(⁵)			(⁵)	
Other and unspecified Asia and Pacific:									
Net grants and credits.....	32	23	9	5	—(⁵)	13	—7	—1	—(⁵)
Net grants (less conversions).....	17	18	—1	1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Gross grants.....	37	18	19	1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Less: Prior grants converted into credits.....	1		1						
Less: Reverse grants and returns.....	20		20						
Net credits (including conversions).....	16	5	10	4	—(⁵)	13	—8	—1	—(⁵)
New credits.....	31	19	12	13	(⁵)	13	(⁵)	(⁵)	
Plus: Prior grants converted into credits.....	1		1						
Less: Principal collections.....	16	14	2	9	(⁵)	(⁵)	8	1	(⁵)
American Republics: ⁷									
Net grants and credits.....	1,159	804	356	55	16	3	22	15	52
New grants (less conversions).....	426	289	137	81	20	22	15	24	24
Gross grants.....	429	289	140	81	20	22	16	24	24
Less: Prior grants converted into credits.....	3	1	2	1			1		
Less: Reverse grants and returns.....	(⁵)	(⁵)	(⁵)						
Net credits (including conversions).....	733	515	219	—25	—4	—18	7	—9	27
New credits.....	1,433	1,045	388	94	18	21	23	32	45
Plus: Prior grants converted into credits.....	3	1	2	1			1		
Less: Principal collections.....	702	531	171	120	22	40	16	41	18

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—Continued									
American Republics—Continued									
Argentina:									
Net grants and credits.....	\$71	\$71	(⁵)	—\$10		—\$5	(⁵)	—\$5	
Net grants (gross grants).....	(⁵) 71	(⁵) 71	(⁵)	(⁵)			(⁵)		
Net credits.....	71	71	(⁵)	—10		—5	(⁵)	—5	
New credits.....	102	101	(⁵)						
Less: Principal collections.....	31	31	(⁵)	10		5		5	
Bolivia:									
Net grants and credits.....	100	79	\$21	20	\$6	2	\$4	8	\$4
Net grants.....	66	63	2	19	6	2	4	7	4
Gross grants.....	66	63	2	19	6	2	4	7	4
Less reverse grants and returns.....	(⁵) 34	(⁵) 16		(⁵)	(⁵)	(⁵)	—1	(⁵)	(⁵)
Net credits.....	34	16	18	(⁵)	(⁵)	(⁵)	—1	(⁵)	(⁵)
New credits.....	42	24	19	2	1	1	(⁵)	(⁵)	(⁵)
Less principal collections.....	8	8	(⁵)	2	1	(⁵)	1	(⁵)	(⁵)
Brazil:									
Net grants and credits.....	452	384	69	—13	—(⁵)	—12	5	—5	21
Net grants (gross grants).....	31	22	9	6	1	2	1	2	1
Net credits.....	421	362	59	—19	—2	—14	4	—7	20
New credits.....	672	576	96	41	7	7	12	15	31
Less principal collections.....	251	214	37	60	9	21	9	21	11
Chile:									
Net grants and credits.....	64	—3	67	—3	(⁵)	—3	(⁵)	—(⁵)	1
Net grants.....	13	9	4	2	1	1	(⁵)	1	(⁵)
Gross grants.....	13	9	4	2	1	1	(⁵)	1	(⁵)
Less reverse grants and returns.....	(⁵) 51	—12	(⁵) 63	—5	—(⁵)	—4	—(⁵)	—1	(⁵)
Net credits.....	51	—12	63	—5	—(⁵)	—4	—(⁵)	—1	(⁵)
New credits.....	125	35	90	3			(⁵)	3	1
Less principal collections.....	74	47	28	8	4	4	(⁵)	4	(⁵)
Ecuador:									
Net grants and credits.....	34	25	9	7	2	1	1	2	1
Net grants.....	11	8	2	2	(⁵)	1	(⁵)	1	(⁵)
Gross grants.....	11	8	2	2	(⁵)	1	(⁵)	1	(⁵)
Less reverse grants and returns.....	(⁵) 23	17	(⁵) 7	5	2	1	1	1	(⁵)
Net credits.....	23	17	7	5	2	1	1	1	(⁵)
New credits.....	34	25	9	6	2	1	1	2	1
Less principal collections.....	10	8	2	2	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Guatemala:									
Net grants and credits.....	47	38	9	18	3	7	3	6	6
Net grants (gross grants).....	45	36	9	17	3	7	3	5	5
Net credits.....	2	2		1	(⁵)	(⁵)	(⁵)	1	(⁵)
New Credits.....	(⁵) 2	(⁵) 2		(⁵) 1	(⁵)	(⁵)	(⁵)	(⁵) 1	(⁵)
Less principal collections.....	(⁵)	(⁵)		(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Haiti:									
Net grants and credits.....	38	39	—1	9	3	3	1	2	2
Net grants.....	19	16	3	5	3	1	1	1	2
Gross grants.....	19	16	3	5	3	1	1	1	2
Less reverse grants and returns.....	(⁵) 19	23	(⁵) —4	4	(⁵)	2	(⁵)	1	—(⁵)
Net credits.....	19	23	—4	4	(⁵)	2	(⁵)	1	—(⁵)
New credits.....	24	24	1	4	1	2	(⁵)	1	
Less principal collections.....	6	1	4	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Mexico:									
Net grants and credits.....	210	61	149	—8	2	—3	—1	—5	3
Net grants.....	107	24	83	1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Gross grants.....	107	24	83	1	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Less: Reverse grants and returns.....	(⁵) 104	37	(⁵) 67	—9	1	—3	—2	—5	2
Net credits.....	104	37	67	—9	1	—3	—2	—5	2
New credits.....	244	130	114	10	4	4	1	1	5
Less: Principal collections.....	140	94	47	19	3	7	3	7	3

Footnotes at end of table.

TABLE 2.—Summary of foreign grants and credits—Military and other, by major country,¹ postwar period, July 1, 1945, through Mar. 31, 1957 (before and after Korean invasion, June 25, 1950); calendar year ended Dec. 31, 1956 (by quarter), and quarter ended Mar. 31, 1957—Continued

[Millions of dollars]

	Postwar period			Calendar year 1956					January to March 1957
	Total	After Korean invasion	Before Korean invasion	Total	January to March	April to June	July to September	October to December	
Other grants and credits—Continued									
Peru:									
Net grants and credits.....	\$70	\$62	\$8	\$26	\$3	\$5	\$8	\$9	\$7
Net grants.....	25	21	4	8	1	3	1	2	2
Gross grants.....	25	21	4	8	1	3	1	2	2
Less: Reverse grants and returns.....	(⁴)		(⁴)						
Net credits.....	45	41	4	18	2	2	7	7	4
New credits.....	52	46	6	19	2	2	7	8	5
Less: Principal collections.....	7	5	2	1	(⁵)	(⁵)	(⁵)	1	(⁵)
Other than unspecified American Republics: ⁷									
Net grants and credits.....	73	48	25	10	-3	9	1	4	7
Net grants (less conversions).....	109	88	20	19	4	6	3	6	8
Gross grants.....	112	89	23	20	4	6	4	6	8
Plus: Prior grants converted into credits.....	3	1	2	1			1		
Less: Reverse grants and returns.....	(⁴)		(⁴)						
Net credits (including conversions).....	-36	-40	5	-9	-8	3	-2	-2	(⁴)
New credits.....	136	83	53	7	1	5	1	1	3
Plus: Prior grants converted into credits.....	3	1	2	1			1		
Less: Principal collections.....	174	124	51	16	8	2	4	3	4
Canada:									
Net credits.....	-6	-7	1	-5	-2	-3	(⁴)	(⁴)	(⁴)
New credits.....	163	22	142	(⁴)		(⁴)			(⁴)
Less: Principal collections.....	169	28	141	5	2	3	(⁴)	(⁴)	(⁴)
Other international organizations and unspecified areas:									
Net grants and credits.....	1,095	363	732	83	21	19	16	27	35
Net grants (gross grants).....	1,039	345	694	85	21	19	18	27	35
Net credits.....	56	18	38	-2			-2		
New credits.....	65	27	38						
Less: Principal collections.....	9	9	(⁴)	2			2		

¹ For security reasons data by country do not include the military aid furnished principally under the mutual-security program. Transfers of military assistance generally reflect the area of consignment of the equipment; in particular data for Asia and Pacific include shipments to Indochina (Cambodia, Laos, and South Vietnam) while those for Western Europe include shipments to France, a part of which may have replaced equipment used by the French forces in Indochina. See also note on p. S-2. The aid shown in the table includes credits which have been extended to private entities in the country specified; the net credit shown for Canada, for example, represents credits extended to private entities in Canada. Country data include Government grants of agricultural surpluses through American voluntary relief agencies and international organizations. For definition of grants and credits see footnote (1) to table 1.

² Includes contributions to the multilateral construction program of the North Atlantic Treaty Organization, some part of which may be disbursed in Greece and Turkey, as NATO members.

³ Includes programs marked M in table 1. In particular, includes "military equipment loans" as explained in footnote 7 to table 1. The transfers reported for Canada represent the loan and return of aircraft, for example, under the program announced by the Defense Department Aug. 15, 1952.

⁴ Includes grants to European Payments Union and European Productivity Agency and loan to European Coal and Steel Community.

⁵ Less than \$500,000.

⁶ Includes grants to United Nations Relief and Works Agency for Palestine Refugees.

⁷ Includes grants to Organization of American States. Includes transactions, particularly prior grants converted into credits and repayments on lend-lease credits, not separately available for security reasons.

⁸ Detail not available.

VOTE PLEDGED AGAINST FOREIGN-AID APPROPRIATION

Mr. MALONE. In closing, I wish to say that I shall vote not only against the conference report, but against any appropriation, because of the things I have told the Senate today. We are riding for the greatest fall in history. We have a debt of more than \$270 billion. It varies from time to time. We have not reduced it materially in the past 4 or 5 years. That debt grew from \$16½ million or less in 1933 to \$280 million.

We talk continually about how much we are going to do for the people of the country. All we have done is to devalue their money, to destroy the insurance which they had 10 or 15 years ago, and lower their wages so that they have had continually to strike for higher wages. All the time we were imposing a burden upon them. We had to load it on to someone. If we could hold down wages and let the process continue, we could finally load it on to one class of people.

I am not for that. I have been voting for salary increases ever since I first became a Member of this body, to take up the slack caused by inflation.

SENATOR FAVORS BENEFITS FOR UNITED STATES VETERANS, POSTAL WORKERS, NOT FOREIGN INDUSTRIALISTS

I led the fight in the Senate Finance Committee to bring about a 10-percent increase in the pensions of totally disabled veterans. Conditions were such that they could not live. They are totally disabled. Think of what they have sacrificed, and then think of the things we do to this country, and the trouble we get it into. I have enumerated some of those things today.

I shall vote for the increase in wages of postal employees and employees in the civil service, to make up for the inflation which has taken place since the last increase. Such salaries ought to be tied to some factor, so that they would automatically be increased when it was necessary. Those people are helpless. What can they do? They have nothing.

They are trying to keep their families together.

Mr. President, the score must be added up some time before the session ends. At the new interest rate, the interest on the public debt probably will be between \$12 billion and \$15 billion a year, which is almost 4 times what it cost to operate the Government 24 years ago.

BUILD DOMESTIC ECONOMY INSTEAD OF PASSING OUT BILLION-DOLLAR BUNDLES TO NATIONS ABROAD

We talk about economy. We have not the guts in Congress to do anything about it. I am sorry about it. I assume part of the responsibility myself, because of my inability to stop it. I do not mean to stop improving the United States, to stop building dams, to stop building roads, to stop increasing salaries.

What I mean to stop is the distribution of our wealth in billion-dollar bundles among the other nations of the world.

Let us quit free trade. Let us quit throwing people out of work in various

areas of our country in the textile industry, the minerals industry, the machine-tool industry, and industries concerned with 5,000 other products.

DEPRESSED AREAS IN UNITED STATES SHRUGGED OFF BY STATE DEPARTMENT

What does the State Department do? I could read the account, but it would require a little time. Senators can look it up for themselves. The Department says, "Of course, our program may cause unemployment in depressed areas."

The Secretary of State has been conducting these operations under three Presidents, and still was, until the control was placed in Geneva, where now we have 1 vote out of 35. Our representative there also is in favor of distributing our markets and of buying other nations to keep them from communism, nations that are all now trading with China. They are all trading with Russia and her allies and doing everything we say we will not do; but we are doing it indirectly.

We are dividing our markets with them and throwing our own people out of work. We shall hear more about it next year. We do not need to worry about that. The problem will come to us.

FATE OF ALL AMERICAN INDUSTRIES AT STAKE

What remedy is suggested for this depressed-area problem I referred to? It is suggested that we appropriate hundreds of millions of dollars, to do what? To retrain displaced workers to do some other kind of work when they are thrown out of work by an overall decision which is supposed to be in the best interests of the United States. They are thrown out of work, and it is proposed to retrain them for different work, in another area. What work is meant is not clear, because all industries are at stake.

It is also proposed to reimburse the stockholders of the companies which are destroyed by virtue of this policy. Mr. Dulles, under cross-examination by the senior Senator from Nevada, said that he believed that any industry in this country should be destroyed if such action were judged by the President of the United States to be for the overall benefit of the Nation.

Let me show the Senate the fallacy of that argument. It is not a question of trusting the President of the United States. No human being on earth can tell what industries should be destroyed and what industries should be built up. There is the greatest graft and corruption involved—not on the part of the White House, but as the inevitable result of a policy of this kind. It is practiced by people we have never heard of, in the second, third, or fourth echelon.

No Secretary of State, no President, nor anyone else, can go into all the details. So the program for the distribution of the cash and markets of the taxpayers of this country is conducted by subordinates.

NATION BUILT ON PRINCIPLE

The only way this country was ever built was on a principle. What was that principle? For 145 years the principle of Congress, carried out awkwardly at times—was to use the tariff to make up the difference in wages between this

country and the principal competing nation. When we concluded that we would raise our standard of living above that of the rest of the world, and we declared ourselves free of colonial-minded England, we paved the way for the American way of life.

Today, we are trying to help Great Britain hold the rest of her colonies and financing her in that effort. She is using the money and materials we give her. France and the other colonial nations will do the same.

ECONOMIC INDEPENDENCE BUILT ON TARIFFS

In 1776 we broke away from the colonial system. What did we say? We said, "We are going to build our industries in this country." When we broke away, we did build them. Then, as our living standard rose, we fixed a tariff or duty, as it is called in article I, section 8, of the Constitution of the United States, to make up for the difference in wages, taxes, and cost of doing business in the United States, as compared with the costs in the chief competing country.

ECONOMIC INDEPENDENCE NOW FORFEITED TO 34 FOREIGN NATIONS

Until 1934, we followed that policy, and it was a principle. Anyone in the United States could judge it to the best of his ability, and if he had \$2 or \$200 or \$2,000 or even \$2 million, he could invest that money to the best of his judgment. If he misjudged, he might lose the money. If his judgment was right, he made money for his stockholders. That is the principle on which the country was run for 145 years. Suddenly we changed the policy and we changed the principle, and we relied on the judgment of one man. Now we rely on the judgment of 34 competitive nations to decide which industries shall survive and which industries shall be destroyed.

So far as currency is concerned all we have to do is to go back to a sound money standard. We had it in 1933. Then we left it. Since then we had inflation. My bills, S. 1775, to provide a free market for gold, and S. 1897, providing for a return of the United States to the gold standard would stop inflation and place our currency back again on a sound and stable basis.

LET INIQUITOUS TRADE ACT EXPIRE NEXT JUNE

In June 1958, when the so-called Reciprocal Trade Act expires, let us not renew it. Let us just sit still. If we do that, we will be back in business.

We put the Tariff Commission back in business. Where does the authority go? It goes back to where it was, to the Tariff Commission, where Congress put it in 1930.

What did we say in 1930? I shall put the exact quotation in the RECORD, but it said the Tariff Commission shall determine the difference in cost in the production of an article in the chief competing country and in this country, and shall recommend what ought to be the tariff. That is what it said. They can call a meeting on their own motion, at the request of the President, or of a congressional committee, or at the request of a consumer or a producer. However, the principle laid down by Congress was that the difference should

be the duty or the tariff, and that was the principle that has guided this country for 145 years.

I have introduced a bill during several Congresses, to provide just that.

WAR ECONOMY SUPPORTING UNITED STATES TODAY

Of course, today it makes no difference whether the tariff or duty is 1 percent or 50 percent. We are staying in business today because we are in a war economy. We are spending \$37 billion a year to buy stuff for a war economy, and we are giving \$5 billion a year to foreign countries to buy our goods. If we were to stop that economy for 60 days in this country, we would be out like a light. That is what scares people to death. That is what is waking them up.

Mr. LANGER. Mr. President, I wish to compliment the distinguished Senator from Nevada for one of the greatest speeches I have ever heard made by any American. I do not believe the people of Nevada realize what a great and distinguished citizen represents them in the Senate. I hope his speech will be sent to the people of Nevada, and, for that matter, all over the United States, because in my opinion it is a speech which not only every Senator should read, but which should be read by all citizens of this great country.

Again I wish to compliment the Senator from Nevada for giving it.

Mr. MALONE. I thank the Senator. I am sure I do not deserve the compliment. However, it sounds good, and at least it comes from the inside. Thank you.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. LANGER. I object. This conference report involves \$3 billion. Certainly we ought to have a live quorum.

The PRESIDING OFFICER. The clerk will resume the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Alken	Gore	Monroney
Allott	Green	Morse
Anderson	Hayden	Morton
Barrett	Hickenlooper	Murray
Beall	Hill	Neuberger
Bennett	Holland	O'Mahoney
Bible	Hruska	Pastore
Bricker	Humphrey	Potter
Bush	Ives	Purtell
Butler	Jackson	Revercomb
Byrd	Javits	Robertson
Carlson	Jenner	Russell
Carroll	Johnson, Tex.	Saltonstall
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Chavez	Kennedy	Smathers
Church	Kerr	Smith, Maine
Clark	Knowland	Smith, N. J.
Cooper	Kuchel	Sparkman
Cotton	Langer	Stennis
Curtis	Lausche	Symington
Dirksen	Long	Talmadge
Douglas	Magnuson	Thurmond
Dworshak	Malone	Thye
Ellender	Mansfield	Watkins
Ervin	Martin, Iowa	Wiley
Flanders	Martin, Pa.	Williams
Fulbright	McClellan	Yarborough
Goldwater	McNamara	Young

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). A quorum is present.

The question is on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 8992) to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency, and to make other provisions with respect to the participation of the United States in that Agency, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DURHAM, Mr. PRICE, Mr. KILDAY, Mr. COLE, and Mr. VAN ZANDT were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 1473. An act for the relief of Richardson Corp.;

H. R. 1861. An act for the relief of George W. Arnold;

H. R. 2264. An act for the relief of Donald F. Thompson;

H. R. 2674. An act for the relief of Morris B. Wallach;

H. R. 2740. An act for the relief of Mrs. Harriett Sakayo Hamamoto Dewa;

H. R. 2928. An act for the relief of Harry and Sadie Wonteller;

H. R. 2937. An act for the relief of Clarence L. Harris;

H. R. 2985. An act for the relief of Alton B. York;

H. R. 3473. An act to authorize and direct the Secretary of the Interior to sell certain public lands in the State of California;

H. R. 3723. An act for the relief of Maj. Gen. Julius Klein;

H. R. 4520. An act to amend section 401 (e) of the Civil Aeronautics Act of 1938 in order to authorize permanent certification for certain air carriers operating between the United States and Alaska;

H. R. 4830. An act to authorize revision of the tribal roll of the eastern band of Cherokee Indians, North Carolina, and for other purposes;

H. R. 5492. An act to amend the act of August 31, 1954 (68 Stat. 1044), to extend the time during which the Secretary of the Interior may enter into amendatory repayment contracts under the Federal reclamation laws, and for other purposes;

H. R. 5679. An act to authorize amendment of the irrigation repayment contract of December 28, 1950, between the United States and the Mirage Flats Irrigation District, Nebraska;

H. R. 6527. An act for the relief of Horace Collier; and

H. R. 8643. An act to authorize the construction of certain works of improvement in the Niagara River for power, and for other purposes.

ASSUMPTION OF MORE RESPONSIBILITIES BY THE STATES

Mr. GOLDWATER. Mr. President, speaking before the recent annual meet-

ing of the Governors at Williamsburg, Va., the President of the United States proposed that a study be made to ascertain what functions now performed by the Federal Government could better be handled by the States themselves. This has been a continuing concern of the President since he has been in office, as it has been a traditional concern of the Republican Party.

In suggesting that the States assume more of the responsibilities that are rightfully theirs—and, therefore, channel more tax money that is now going to Washington into the coffers of the States—it should be recognized that serious obstacles stand in the way of this goal. While we have been talking about returning responsibilities to the States, the process of expanding Federal grants-in-aid has been going on at a rapid rate. The budget for 1958 proposes twice the amount of grants that were given in the fiscal year 1954.

Congress has been and is under continuous pressure to approve aid for many worthwhile and desirable purposes. That pressure has not come from the representatives of State governments with overall responsibility. In fact, governors of the States at their annual meetings have repeatedly called for a reduction of grants-in-aid in return for a return of some tax sources by the Federal Government. Several State legislatures have passed similar resolutions. Reviewing the testimony before congressional committees holding hearings on proposed aid programs we find that representatives of special interest groups testified that the States were unable to finance essential activities. The officials responsible for the fiscal affairs of State governments, such as State finance or budget directors or chairmen of State legislative councils or appropriations or ways and means committees never said so.

In other words, we are faced with the fact that special interest groups have asserted an inability on the part of State governments while those governments never admitted that they were unable to support activities which they deem necessary. Those special interest groups in effect have been asking Congress to overrule the judgment of the elected State officials with general responsibility in regard to the necessity of certain projects and services.

Thus, whenever grants-in-aid were considered, Congress heard the voice of the special interest groups and not the voice of the States.

Secondly, there is the obstacle of the Federal Government. Bureaus beget bureaus, and the established large and powerful Federal bureaucracy will fight to the death to maintain itself in power—not to be changed one iota by the desires of the President, the Congress, or the State governments. This is a fact of history. It cannot be refuted, nor can it be denied. Programs that were instituted as emergency programs 20 or more years ago are still on the books, although, in some cases, the emergencies as such have passed.

While we are considering obstruction to the President's suggestion at the Federal level, we must recognize that the Congress, too, would have a tendency to

refrain from giving up the prerogative of Federal spending because of the political power that goes with the development and maintenance and operation of the bureaus and the projects concerned.

Finally, there is the obstacle of outside pressure. Pressure groups working directly on the Congress will do everything in their power to see that their individual pet bureaus and projects are not abandoned at the Federal level and turned over to the several States. It goes without saying that it is easier to lobby and pressure one Congress in Washington than to lobby and pressure 48 State legislatures and their governors.

Considering these obstacles to the President's suggestion, I do not for a moment propose that they are insurmountable; and I offer three courses that come to my mind which would enable us to surmount them.

Above all, we must uphold the spirit of the Constitution which clearly intended to set up and preserve a system of government of widely dispersed powers. The Constitution did not intend that authority and responsibility be gradually shifted from the States to the Central Government.

But if grants-in-aid continue to expand at the rate at which they have been growing in recent years, the Federal Government will within not too many years be running virtually all public services and facilities and relegate the States to the role of mere administrative subdivisions.

The first step would be, of course, to forget politics at every level in this needed effort to return the powers of government to the States.

Then, I think we should apply the words of the 10th Amendment, and remember that it was the purpose of our Founding Fathers to have a Republican form of Government that would retain in the States the powers not specifically vested in the Congress. We are charged with upholding the Constitution, and I suggest that this obligation extends to every word, comma, and amendment of this magnificent document of freedom.

Thirdly, I believe that the Congress and the Executive should say "No" to these projects as they begin to develop at the Federal level. We in Congress do not have to implement them, nor does the executive branch have to advance or accept them.

Now, Mr. President, it is obvious to many people that action supplementing and implementing the suggestions of the administration in this regard must be begun now if we are to stem the tide of bloated Government and return to a constitutional balance in our Federal-State relationships. And because the Congress is so intimately involved in this problem, and its collective attitude so significant in determining the ultimate solution, I think it is only appropriate that we lose no time in contributing where we are able, to the basic objective of the President's Federal-State Joint Action Committee which has been entrusted with the obligation of studying ways and means to reverse the trend to a centralized Government.

Therefore, Mr. President, I send to the desk a resolution designed to manifest the good faith and cooperation of this

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of August 14, 1957
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HIGHLIGHTS: House received conference report on poultry inspection bill. House agreed to conference report on mutual security authorization bill. Ready for President. Sen. Watkins urged passage of bill to transfer certain work under Packers and Stockyards Act to FTC. Sen. Stennis introduced and discussed bill to preserve cotton acreage history.

HOUSE

1. FOREIGN AID. By a vote of 226 to 163, agreed to the conference report on S. 2130, the mutual security authorization bill. This bill will now be sent to the President. pp. 13431-5
Received from the President foreign-aid appropriation estimates for 1958 of \$3,386,860,000; to Appropriations Committee (H. Doc. 225). p. 13493
Reps. Albert and Cannon announced that the foreign-aid appropriation bill is to be debated beginning today, Aug. 15. pp. 13450, 13472
2. POULTRY INSPECTION. Received the conference report on S. 1747, the poultry inspection bill (H. Rept. 1170). pp. 13472-5
3. TEXTILE IDENTIFICATION. Passed with amendments H. R. 469, to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products. pp. 13435-50
4. TRANSPORTATION. Passed, 177-176, without amendment S. 1383, to amend the Interstate Commerce Act to change the requirements for obtaining a freight forwarder permit. This bill will now be sent to the President. pp. 13450, 13462-71

Received the conference report on S. 939, to limit the applicability of free or reduced transportation rates for Government traffic. pp. 13475-6
Passed without amendment H. R. 8825, to amend the Interstate Commerce Act so as to revise the definition of "contract carrier by motor vehicle." pp. 13477-8

5. EMERGENCY FACILITIES. Concurred in the Senate amendments to H. R. 232, which limits ODM tax-amortization authority to certificates made on or before Aug. 22, 1957, and (1) facilities to produce new or specified defense items and (2) facilities to provide research development of experimental services for the defense program. This bill will now be sent to the President.
6. FEDERAL AID. Rep. Kelley questioned turning over to the States various Federal aid programs, including the school lunch program. p. 13480
7. FISH; RICE. The Merchant Marine and Fisheries Committee referred S. 1552, to develop methods for commercial production of fish on flooded rice acreage, back to the subcommittee for further hearings. (The subcommittee had previously reported the bill to the full committee.) p. D780

SENATE

8. MONOPOLIES; MEATPACKERS. Sen. Watkins urged passage of S. 1356, to transfer certain work under the Packers and Stockyards Act to FTC, and discussed the background and need for such legislation. pp. 13401-06
9. MILITARY CONSTRUCTION. Conferees were appointed on H.R. 8240, to authorize certain construction at military installations, including the use of foreign currencies acquired under Public Law 480 for the construction of military family housing units in foreign countries (p. 13388). House conferees were appointed Aug. 13.
10. FISHERIES. The Interstate and Foreign Commerce Committee reported with amendment S. 2349, to facilitate the conduct of fishing operations in Alaska, and to promote the conservation of its fishery resources (S. Rept. 963). p. 13344
11. FORESTRY. Sen. Neuberger inserted several articles discussing the controversy over the termination of Federal supervision over the Klamath Indians, including timberlands. pp. 13352-53
12. ELECTRIFICATION. Sen. Morse inserted a resolution and letter favoring construction of the Hells Canyon dam. p. 13356
Several Senators discussed and inserted material on the nomination of Jerome K. Kuykendall to be a member of the Federal Power Commission. pp. 13406-12, 13420-24
13. ATOMIC ENERGY. Several Senators discussed and inserted material on the development of atomic reactors. pp. 13356-58, 13388-92, 13400-01
Sen.
14. FOREIGN AID. Sen. Johnson, Knowland, and others discussed the possible effects of the President's statement on the possibility of a special session of Congress if adequate funds are not included in the mutual security appropriation bill. pp. 13412-16
15. TRANSPORTATION. Received an Ala. legislature resolution urging a reduction in excise taxes levied on transportation. p. 13343

ceived by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this subsection shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

MUTUAL SECURITY ACT OF 1957

Mr. GORDON. Mr. Speaker, I call up the conference report on the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Wisconsin makes the point of order that a quorum is not present. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 193]

Alger	Hays, Ohio	Mason
Anfuso	Hess	Miller, N. Y.
Baker	Hiestand	Morrison
Barden	Hillings	Norblad
Beamer	Holtzman	Powell
Blatnik	Horan	Preston
Brownson	Jensen	Robison, Ky.
Buckley	Kilburn	Scherer
Collier	Krueger	Shelley
Curtis, Mo.	Long	Siler
Dawson, Ill.	Loser	Taylor
Dies	McConnell	Whitener
Ewins	McCormack	Williams, N. Y.
George	McGregor	
Gwinn	Malillard	

The SPEAKER. On this rollcall 376 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1957

The SPEAKER. Without objection, the statement of the managers on the part of the House on the bill S. 2130 will be read in lieu of the report.

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 8, 1957.)

Mr. CARNAHAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. GORDON].

(Mr. GORDON asked and was given permission to revise and extend his remarks.)

Mr. GORDON. Mr. Speaker, the managers on the part of the House have brought back a conference report on the mutual security bill, S. 2130, which merits the full support of the House. The differences in the fund authorizations in the House and Senate versions have been resolved by splitting the difference on the fiscal year 1958 authorizations, and the bill as amended in conference now carries a total fiscal year 1958 authorization of \$3,367,083,000. This is a reduction of \$250,250,000 from the Senate figure of \$3,617,333,000 and an increase of the same amount above the House authorization of \$3,116,833,000.

The executive branch appropriation request was \$1.9 billion for military assistance. The Senate bill authorized \$1.8 billion and the House amendment \$1.5 billion. This has been increased by \$100 million to \$1.6 billion in the conference report. The executive branch requested \$900 million for defense support. The Senate bill cut this to \$800 million and the House amendment cut it an additional \$200 million to \$600 million. The conference report increases this by \$150 million to \$750 million.

The Senate bill originally provided an authorization of \$1.5 billion for fiscal year 1959 for military assistance and \$710 million in defense support funds for fiscal year 1959. In the conference report no military funds are authorized for fiscal year 1959 although the funds authorized for fiscal year 1958 are to remain available until expended.

The committee of conference also compromised halfway on the House and Senate differences in the funds authorized for administrative expenses. The original executive branch request was for \$35 million. This was cut to \$33 million in the Senate bill and to \$32,500,000 in the House amendment. The conference report authorizes the sum of \$32,750,000 for administrative expenses for the International Cooperation Administration.

The administration originally requested an appropriation of \$500 million for the development loan fund in title II and in addition requested borrowing authority, through public-debt transactions, in the amount of \$750 million in each of fiscal years 1959 and 1960. The Senate bill contained the figures requested by the executive branch. The House amendments carried the \$500 million authorization for fiscal year 1958 but deleted the \$1.5 billion borrowing authority for fiscal years 1959 and 1960. In addition to the authorization for a current appropriation of \$500 million which was contained both in the Senate bill and the House amendment, the committee of conference agreed to authorize an appropriation of \$625 million for fiscal year 1959. Nothing is authorized for 1960, but the funds for 1958 and 1959 are to remain available until expended.

The compromise adopted by the committee of conference takes recognition of the strong opposition in the House against any appropriation in the form of loans from the United States Treasury in future years. In accepting the au-

thorization of an appropriation for 1 year in the future of the amount of \$625 million, the Senate conferees made it clear that their principal concern was to obtain a long-range program of development loans underway. The House language on administration of the fund was retained to provide assurance of adequate and effective control. As the appropriation will be available until expended, sufficient time and continuity will be provided to make the loans on the basis of carefully considered individual projects. Future appropriations to the development loan fund can be made more on the basis of past performance and a broad appraisal of requirements than on the illustrative program presentations that have been made heretofore.

In the statement of managers, reference is made to the conviction of the conferees that the most effective arrangement for administering a long-range development program would be a Government corporation with substantial capital, and officers and directors with powers and duties defined and limited by law. Such a corporation should be under the policy direction of the State Department, and its operating personnel should concentrate on handling its development loans. That steps should be taken early in the next session to establish such a corporate structure was stressed by managers of both the House and the Senate. If the development fund is to function effectively in financing long-range development projects, the executive recommendations for mutual-security legislation should be submitted to the Congress earlier than has been the practice in the past. The managers on the part of the House urge that draft mutual-security legislation for fiscal year 1959 should be submitted to the Congress not later than the middle of next February.

Altogether, the committee of conference had 31 amendments in disagreement between the 2 Houses. Of these the Senate receded on 21; the House receded on 4, and 6 were compromised. The Senate conferees worked with us in a spirit of give and take; and I am convinced that, as it now stands, amended by the conference agreement, the bill will more closely meet the wishes of the large majority of both the House and the Senate.

Mr. CARNAHAN. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, I feel sure that all who study carefully the conference report which is before us today will recognize that the House has been well served by its managers. We went to conference with 31 items in disagreement between the House and the Senate. The result of the conference is that the House has receded on 4 amendments, and the Senate has receded on 21 amendments; compromises were reached on 6 amendments.

In the matter of authorization of funds the position of the House has been well defended. The total authorization dealing with fiscal 1958 appropriations agreed to by the conference is \$3,367,083,000. This figure is \$250,250,000 below the total of \$3,617,333,000 in the Senate

bill and exactly the same amount, \$250,-250,000, above the figure of \$3,116,833,000 which passed the House.

In addition to the authorizations for the current fiscal year the Senate bill included an authorization of \$1,500,000,000 for military assistance for fiscal 1959, an authorization of \$710 million for defense support for fiscal 1959, and in addition authorized borrowing from the United States Treasury a sum of \$750 million beginning in fiscal 1959 plus an additional \$750 million beginning in fiscal 1960. This adds up to a total of \$3,710,000,000 for use after the current fiscal year.

The House conferees were fully aware of the opposition in the House to the authorization of any borrowing from the United States Treasury to finance operations in future years. I am sure that the House will be gratified that the bill which is brought back from conference authorizes no military-assistance funds for fiscal 1959, no defense-support funds for fiscal 1959, and no borrowing from the United States Treasury in any year. The conferees did, however, agree to the authorization of an appropriation for fiscal 1959 of \$625 million with the provision that the funds authorized should not be subject to any fiscal year limitation but should remain available until expended. The net result is that in this matter of funds for years after the current fiscal year, the bill agreed to by the conference reduces the amount of the Senate bill by \$3,085,000,000.

Let me outline the detailed figures which were agreed to. The figure for military assistance for fiscal 1958 accepted by the conference is \$1,600,000,000. The figure in the Senate bill was \$1,800,000,000 and the House figure was \$1,500,000,000. The House went up \$100 million, and the Senate went down \$200 million on this item.

In the case of defense support the conference agreed to a figure of \$750 million. In the Senate bill defense support was \$800 million, and in the House bill it was \$600 million. The conference accepted an amount that is \$50 million less than the Senate figure and \$150 million higher than the House figure.

Let me emphasize, however, that when the figures for military assistance and defense support are combined, the totals represent an exact 50-50 split; that is, \$250 million less than the authorization in the Senate bill and \$250,000,000 more than the authorization in the House bill.

The other difference between the two bills was in the authorization for administrative expenses for the International Cooperation Administration. The Senate authorized \$23 million and the House bill \$22,500,000 for this purpose. Here again the conference split the difference and approved the figure of \$22,750,000.

None of the other authorizations in the bill were in dispute.

Let me say a word about the four amendments on which the House receded. Amendment No. 22 involves a difference in phraseology relating to the use of the President's special assistance funds. The Senate bill provided that among the purposes for which these funds could be used was the promotion of "political or economic stability." The

House substituted for this language the phrase "freedom and stability." The House conferees receded and accepted the Senate language. This does not mean that we regarded the Senate language as better than our own. It was necessary for the House to recede on some items in order to reach agreement. The Senate conferees emphasized the fact that the phrase "political or economic stability" had already appeared a number of times in mutual security legislation and through usage has acquired meaning which is generally understood. There was no question but that the conferees on both sides accept the fact that the reference to promotion of "political or economic stability" does not involve any commitment to maintain the status quo in any part of the world and that it is the desire on the part of the United States to cooperate with all nations to accomplish our mutual objectives of maintaining freedom and peace.

The House also receded on amendment No. 24 which related to the President's authority to use funds not to exceed \$150 million without regard to the requirements for eligibility contained in the Mutual Security Act and certain other legal requirements. Our action on this amendment was related to the action by the conference on amendment No. 23. Here again we made a 50-50 split. The House had eliminated an authorization to use \$100 million of the special fund under the authority of section 401 (a). We were able to get the Senate to agree to a figure of \$50 million in this provision on condition that we recede on amendment 24.

Amendment No. 27 on which the House receded related to the requirement for inspection by the United States of any reactor facilities constructed under the atoms-for-peace program. One of the Senate conferees is a member of the Joint Committee on Atomic Energy, and he assured the conference that all agreements for the construction of reactor facilities included provision for inspection. The Senate took the position that the language of the House bill in this respect was unnecessary and that it might cause confusion by requiring inspection of non-reactor facilities, such as those used in medical therapy.

The House receded also on amendment No. 28 dealing with malaria eradication. We found that the language in the bill as it passed the House did not accomplish, from a technical point of view, what it was supposed to accomplish, and it appeared best to accept the Senate language instead. The Senate language imposes a ceiling of \$23,300,000 on the use of funds for the malaria eradication program. This is not an authorization for an additional appropriation. It is merely an authorization to use funds already appropriated for other purposes for the malaria eradication program. The bill as it passed the House did not impose a dollar limit.

Amendment No. 25 deals with the earmarking of funds for sales of surplus agricultural commodities. The House bill required that \$150 million of the funds authorized in the bill had to be

spent to procure surplus agricultural commodities in the United States to be used for carrying out the purposes of the program. The Senate bill set the figure at \$200 million for this purpose. Here again the conference split the difference and agreed to a figure of \$175 million.

Mr. Speaker, I recognize that in respect to every amendment on which the House conferees receded and every compromise which we reached, there will be some Members of the House who feel that we have made a mistake and that we have surrendered an important position. Nevertheless, I believe that the majority of the House will recognize that we have put first things first. In order to reach agreement it is necessary to recede on some items. At the same time we have succeeded in eliminating entirely the authorization for borrowing from the United States Treasury in future years, and we have split on a 50-50 basis all the fund authorizations in the bill. The managers on the part of the House spent 2 long days in conference on this measure, and I believe that we have brought back the best bill possible under the circumstances.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. GROSS. Do I understand that the development loan fund is set up on a 2-year basis instead of 1 year, as the House passed it; is that correct?

Mr. CARNAHAN. That is correct.

Mr. GROSS. And that the second year will call for an appropriation of \$625 million; is that correct?

Mr. CARNAHAN. That is correct.

Mr. GROSS. So there is that very substantial change as between the bill passed by the House and the bill passed by the other body.

Mr. CARNAHAN. But there also was quite a difference in the conference report compared to the bill as passed by the other body, which authorized and permitted borrowing for 2 years for capitalization of the loans fund which is not permitted in the conference report.

Mr. GROSS. But, there is a total authorization in this bill of more than a billion dollars for the so-called development fund over a period of 2 fiscal years; is that not correct?

Mr. CARNAHAN. There was an authorization of \$500 million for the first year in each of the bills and there is an additional authorization for an appropriation of \$625 million for the second year of the loan fund.

Mr. GROSS. But the House limited it to 1 year; did it not, if the gentleman will yield further? The limitation by the House was for 1 year and \$500 million.

Mr. CARNAHAN. Yes, and the limitation placed on the fund by the other body was for 3 years.

Mr. BENTLEY. Mr. Speaker, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. BENTLEY. Mr. Speaker, I would like to ask the gentleman a question with respect to the two items—direct military assistance and defense support. The conference report provides single year authorizations?

Mr. CARNAHAN. Yes, it provides authorizations only for the fiscal year, 1958.

Mr. BENTLEY. The money to remain available until expended?

Mr. CARNAHAN. That is right—the money to remain available until it is expended.

Mr. BENTLEY. I thank the gentleman. I would like to say, Mr. Speaker, although it is not my intention to vote for the conference report, nevertheless, I do feel that the House conferees did a good job in upholding the position, the final position, of the House on the authorization bill. My position on this matter has been strengthened by reading the Senate report and the debates of the other body last night. I think the House conferees did a good job in upholding the position of the House, and I would like to commend them for it.

Mr. CARNAHAN. I thank the gentleman for his kind remarks.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. VORYS. As has been stated, the conference report is \$250,250,000 below the Senate bill and above the House bill for current authorizations, but the conference report is \$3,335,250,000 below the total authorization in the Senate bill, computed as follows:

Reduction—1958 authorization	\$250,250,000
Reduction—Title I, military and defense-support for 1958 and 1959	2,210,000,000
Reduction—Title II, for 1959 and 1960	875,000,000
Total	3,335,250,000

Since most of this is for future authorizations, these reductions do not represent estimates of future savings, but represent merely reservations of these vast amounts for future congressional consideration. In general, we split the difference between the House and Senate bills in time periods and in current authorizations. On total authorizations for the development fund, the conference agreed to an amount which is \$125 million below the median or half-way point. The House had \$500 million; the Senate \$2 billion. Splitting the \$1.5 billion difference would have resulted in a \$1,250 million total. Instead, the conference agreement was for \$1,125 million. The conferees endeavored, in working out a compromise, to defend the position of the House even in cases where the conferees individually had not supported the House position by their votes on the floor of the House.

The result is a conference agreement that may not suit any Member in every particular, but that should satisfy the House as a whole.

Mr. SMITH of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. SMITH of Wisconsin. I would like to ask the gentleman from Missouri a question regarding the change that was made in the conference on the \$625 million authorization for a second year.

Am I correct in my understanding that this matter does not go to the

authorization committee or our committee, but goes next year directly to the Appropriations Committee?

Mr. CARNAHAN. That is correct.

Mr. SMITH of Wisconsin. In that respect it is a change from the original position which we took?

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. VORYS. There were loan authorizations in the version of the bill which came from our committee, and those loan authorizations would not have come back again to the legislative committee.

Mr. CARNAHAN. That is correct.

Mr. VORYS. So that there was no change in principle in that regard?

Mr. CARNAHAN. That is right; but only 1 year of authorization had been made. I was answering the gentleman's question in that regard. The 1 year was the point to which he referred.

Mr. SMITH of Wisconsin. I would like to associate myself with the gentleman from Michigan [Mr. BENTLEY] with regard to the conferees on the part of the House. These conferences are rather difficult problems, and I think the committee did a good job in getting what it did, under the circumstances.

Would the gentleman yield me 2 or 3 minutes to make some brief observations?

Mr. CARNAHAN. I yield 3 minutes to the gentleman from Wisconsin.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. SMITH of Wisconsin. Mr. Speaker, I shall not vote for the conference report. I think the Members are aware of my position on this legislation. I am deeply concerned about this development-loan feature of the bill. As I pointed out in the general debate, it seems to me it opens a Pandora's box for indiscriminate programs in the future. Only the Lord knows where they will stop. Already we have organizations in this country which will be organized for the sole purpose of engaging in soft-loan activities abroad with American dollars. Many of them already see an opportunity to make some easy money at the expense of the American taxpayers. We are getting ourselves into an untenable position. The whole concept of the Development Loan Fund is contrary to sound economic principles. The American people do not support the program.

In the general debate, on this bill I called attention to the unlimited general authority provided in it. I believe that this is an extreme grant of authority. It provides that the President is authorized to make loans, credits, or guaranties, or to engage in any other financing operation or transaction, to or with such nations, organizations, persons, or other entities, and on such terms and conditions as he may determine. I do not recall, in the 16 years I have served here, of any such grant of authority being given to the President or any other official of this Government. We are embarking upon a program that is world-

wide and without a termination date. We are making a serious mistake, and the Congress will regret it in the years to come. If we had limited this program to 1 year and then taken a look at it again, we could see in the course of the year whether or not the objectives for which we were striving had been attained. I repeat that passage of the bill opens Pandora's box for unlimited schemes and unlimited waste. Future generations will pay the cost.

I intend to vote against this conference report.

Mr. BYRD. Mr. Speaker, will the gentleman from Missouri yield to me?

Mr. CARNAHAN. I yield to the gentleman from West Virginia.

Mr. BYRD. Mr. Speaker, for 5 years I have supported this type of legislation. I have done so believing that it was in the best interests of my own country to do so. I feel that the program has indeed benefited our country. One can easily point to the many accomplishments, the many advantages that have been gained as a result of our efforts in connection with the mutual security program over the many years since it was first inaugurated. There has been a definite need for it, but, although I am in favor of continuing for yet a little while the spending of conservative amounts for foreign aid, I think that the program should be confined to fewer countries and with a gradual tapering off of appropriations.

I cannot help but feel that the time has come when we of the Congress must demand that there be some kind of eventual cutoff, not further expansion. I am confident that the people of this country, while they have given generously to other countries throughout the years, while they have realized that in so giving they have contributed to the welfare and the security of their own Nation, the people of America, nevertheless, believe that this program of foreign spending should be considerably diminished.

After having visited in several other countries which have been recipients of United States dollars under this program, I am constrained to believe that much of the money is wasted, a great deal of ill will rather than good will is often generated, and some of our own people who are in those countries for the purpose of supervising and carrying out the projects are simply not doing the best job that could be done. This is not true in many cases, of course, but much could be done to save money and win the respect of our friends abroad if greater care were to be exercised in planning the right kind of projects and in selecting the right kind of people to supervise and consummate them. If this were done, and if there were a genuine and conscientious effort put forth to limit, rather than accelerate, the conception of more and more grandiose schemes for foreign spending, the Administration would not have to ask continually for more money. It could get along with less.

Mr. Speaker, I voted for S. 2130 when it passed the House a few days ago. I voted for it reluctantly this year because it seems to me that the program is go-

ing to be a permanent one, unless we do something about it and do it right away. Like Tennyson's brook, it will go on and on forever. I can see no end in sight. I was conscientiously able to vote for the bill only because of the reductions that were made by the House and the changes that were made with regard to the development loan fund. The Senate bill had authorized a development loan fund for which an appropriation of \$500 million to provide initial capital was authorized, together with appropriation authority for United States Treasury loans to the fund, \$750 million beginning in fiscal 1959 and \$750 million beginning in fiscal 1960. The House amendment eliminated the authorizations for fiscal 1959 and 1960, and because the bill was so amended, I voted for it.

The committee of conference agreed to authorize an appropriation of \$625 million for fiscal 1959 in addition to the authorization for a current appropriation of \$500 million which was contained in both the Senate bill and the House amendment. Neither authorization is subject to fiscal year limitation and both will remain available until expended.

Mr. Speaker, I congratulate the conferees; I think they have done an excellent job. I do not find any fault with them. I realize that legislation is, to a great extent, a matter of compromise, but I cannot conscientiously vote for this conference report in view of the fact that the conferees have agreed to a total authorization figure which is \$250,250,000 above the figure authorized by the House in its previous action, and because the House conferees have yielded on the matter involving the development loan fund.

The proposed development loan fund is not subject to any effective congressional control. Congress was asked for \$1.5 billion for a 3-year period, without any effective restrictions as to fiscal years, and without any requirement for prior planning. The fund is heralded as an innovation in respect of foreign aid. Grant programs will ostensibly become loan programs. The development loan fund is a shining example of ledgerdemain, and it is calculated to meet the growing criticism of the program. It is a foot-in-the-door approach. It is a grant program in disguise, because it will grant soft loans which will run for a long period of time and which may be repaid in local currency rather than in dollars. A soft loan approach, with its fancy trappings of long terms, low interest rates, and repayment in soft currency, can never conform to the recognized principles which govern a straightforward loan technique. The fallacies of a soft loan program were pointed out during the hearings by the Honorable Samuel C. Waugh, President and Chairman of the Board of the Export-Import Bank. He pointed out that excessive lending on soft terms may make a recipient country an unsuitable subject for hard loans. He spoke of the vexatious problem of maintaining the soundness of hard loans where soft loan programs are in vogue. Gresham's well-known principle that bad money drives out good money is just as applicable to credit. Bad loans make it impossible

to effectuate good loans. Mr. Waugh stated that private capital is and must be the primary source of funds for economic development abroad and that an important role in assisting such development for some years to come should be played by hard loans from the Export-Import Bank and the International Bank.

So I urge the House, Mr. Speaker, to vote against this conference report. I have heard it said that some of the Members of this House are willing to have a special session this fall or to stay here throughout the summer and fall in order to get what they consider to be a good civil-rights bill. That bill, of course, has been used as a political football, as everybody knows, but I am wondering if the same gentlemen might not be willing to stay here through the rest of the summer and this fall to get what this House wants in connection with an authorization bill for the mutual security program. I, for one, would be willing to stay for such a worthy purpose. Now, Mr. Speaker, I am only one, but I am one. I cannot do everything, but I can do something. What I can do I ought to do; and what I ought to do, by the grace of God, I will do.

I intend to vote against this conference report.

(Mr. CARNAHAN asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Iowa.

Mr. GROSS. Will the gentleman say that a free conference was held on this bill?

Mr. CARNAHAN. I can speak very definitely on that point. It was free as far as I was concerned.

Mr. GROSS. Then the gentleman does not agree, I assume, with the amazing statements which appear in this morning's RECORD by a Member of the other body in which he stated the House Appropriations Committee dictated to the Foreign Affairs Committee conferees, that they usurped the functions of the Foreign Affairs Committee conferees and that the other body was dragooned by the House. I assume the gentleman does not agree with those statements?

Mr. CARNAHAN. I do not agree with those statements. The Members of the House of Representatives made their wishes known to the conferees and we tried as near as we could to get what the House wanted.

Mr. GROSS. I thank the gentleman.

Mr. CARNAHAN. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks at this point in the RECORD on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. NEAL. Mr. Speaker, I am fully conscious of the importance of our foreign-aid program as a means of maintaining strategic bases abroad and cultivating friendly relations with governments upon whose cooperation we must rely in our attempt to win the struggle

with the communistic world. I am also aware of the contribution this program is now and has been making to our full employment and national prosperity at home.

I am not one who feels that foreign aid is all wrong or that it would be unwise to turn away abruptly. Nothing could be more unreasonable or more disastrous to our international objectives.

When we consider, however, that this program has grown more costly with the years, has added tax burdens to our American citizens, has contributed to an increased national debt out of proportion to the economy of the time, and has played a major part in dangerous inflation which reflects itself in the difficulty with which a great number of our citizens find it difficult to provide the necessities of life, I think it high time we revised our foreign-aid program in terms of our own national interests.

Our foreign policymakers show no tendency to curtail these activities. Instead they request an increased allocation of funds for 1958 over those spent in 1957. They indicate more funds will be requested to meet the ever growing complexities arising out of our extended world involvement. They likewise ask the Congress to grant powers to our foreign policymakers, to make grants, and to extend long-term loans to nations whose present or foreseeable economies offer little or no prospect of ability to repay.

Our country is growing and our people must be provided internal improvements essential to national progress. Present expenditures for defense and foreign economic aid preclude progress on the homefront so necessary to keep our people happy and our industrial economy solvent.

I would support any program that would assure gradual withdrawal of expenditures for foreign aid but I am unwilling to approve plans to perpetuate the present program with the implications that it will increase with the years both in point of money and time of involvement. I sincerely hope that people of America will express themselves in no uncertain terms when they see that their nation is involving itself to extensively in the affairs of other nations. This is dangerous to our individual welfare and our future as a nation.

Mr. CARNAHAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. BENTLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 226, nays 163, not voting 43, as follows:

[Roll No. 194]
YEAS—226

Addonizio	Barrett	Broomfield
Albert	Bass, N. H.	Broyhill
Allen, Calif.	Bates	Bush
Anderson,	Baumhart	Byrne, Pa.
Mont.	Beckworth	Canfield
Arends	Boggs	Cannon
Ashley	Boland	Carnahan
Auchincloss	Bolling	Carrigg
Avery	Bolton	Celler
Ayres	Boyle	Chamberlain
Baldwin	Brooks, Tex.	Chenoweth

Chiperfield	Healey	Pfost	O'Konski	Saylor	Thomson, Wyo.
Chudoff	Heselton	Philbin	Passman	Scott, N. C.	Tuck
Clark	Hill	Pillion	Patman	Scrivner	Ullman
Coffin	Holland	Porter	Pilcher	Sheehan	Utt
Cole	Holmes	Price	Poage	Shuford	Van Pelt
Cooper	Hosmer	Prouty	Poff	Sikes	Weaver
Gorbett	Huddleston	Rabaut	Polk	Simpson, Ill.	Wharton
Coudert	Hyde	Radwan	Reece, Tenn.	Smith, Calif.	Whitten
Cramer	Jackson	Rains	Reed	Smith, Kans.	Wier
Cretella	James	Ray	Rees, Kans.	Smith, Va.	Williams, Miss.
Cunningham,	Johnson	Reuss	Riley	Smith, Wis.	Willis
Iowa	Jones, Ala.	Rhodes, Ariz.	Rivers	Steed	Wilson, Ind.
Curtin	Jones, Mo.	Rhodes, Pa.	Robeson, Va.	Talle	Winstead
Curtis, Mass.	Judd	Riehlman	Rogers, Colo.	Teague, Tex.	Withrow
Dague	Karsten	Roberts	Rogers, Fla.	Thomas	Young
Davis, Tenn.	Kean	Rodino	Rogers, Tex.	Thompson, La.	
Delaney	Kearns	Rogers, Mass.	Rutherford	Thompson, Tex.	
Dellay	Keating	Rooney			
Dennison	Kee	Roosevelt			
Denton	Kelley, Pa.	Sadiak			
Devereux	Kelly, N. Y.	Santangelo			
Diggs	Keogh	St. George			
Dingell	Kilday	Saund			
Dollinger	King	Schenck			
Donohue	Kirwan	Schwengel			
Dooley	Kluczynski	Scott, Pa.			
Dorn, N. Y.	Knutson	Scudder			
Doyle	Lane	Seely-Brown			
Durham	Lanham	Selden			
Dwyer	Lankford	Sieminski			
Eberhart	Latham	Simpson, Pa.			
Elliot	LeCompte	Sisk			
Evins	Lesinski	Smith, Miss.			
Fallon	McCarthy	Spence			
Farbstein	McFall	Springer			
Fascell	McIntosh	Staggers			
Feighan	Macdonald	Stauffer			
Fenton	Machrowicz	Sullivan			
Fino	Mack, Ill.	Taber			
Flood	Madden	Teague, Calif.			
Fogarty	Magnuson	Teller			
Forand	Marshall	Tewes			
Ford	Martin	Thompson, N. J.			
Frazier	Matthews	Thornberry			
Frelinghuysen	May	Tollefson			
Friedel	Meader	Trimble			
Fulton	Morrow	Udall			
Garmatz	Metcalf	Vanik			
Gary	Miller, Calif.	Van Zandt			
Gathings	Miller, Md.	Vinson			
Gordon	Morano	Vorys			
Granahan	Morgan	Vursell			
Green, Oreg.	Moss	Wainwright			
Green, Pa.	Multer	Walter			
Gregory	Mumma	Watts			
Griffin	Natcher	Westland			
Griffiths	O'Brien, Ill.	Widnall			
Gubser	O'Brien, N. Y.	Wigglesworth			
Hagen	O'Hara, Ill.	Wilson, Calif.			
Hale	O'Neill	Wolverton			
Halleck	Osmers	Wright			
Harden	Ostertag	Yates			
Hardy	Patterson	Younger			
Haskell	Pelly	Zablocki			
Hays, Ark.	Perkins	Zelenko			

NAYS—163

Abblitt	Cederberg	Holt
Abernethy	Chelf	Hull
Adair	Christopher	Ikard
Alexander	Church	Jarman
Allen, Ill.	Clevenger	Jenkins
Andersen,	Coad	Jennings
H. Carl	Colmer	Johansen
Andresen,	Cooley	Jonas
August H.	Cunningham,	Kearney
Andrews	Nebr.	Keeney
Ashmore	Davis, Ga.	Kilgore
Aspinall	Dawson, Utah	Kitchin
Bailey	Dempsey	Knox
Baring	Derounian	Laird
Bass, Tenn.	Dies	Landrum
Becker	Dixon	Lennon
Belcher	Dorn, S. C.	Lipscomb
Bennett, Fla.	Dowdy	McCulloch
Bennett, Mich.	Edmondson	McDonough
Bentley	Engle	McGovern
Berry	Fisher	McIntire
Betts	Flynt	McMillan
Blich	Forrester	McVey
Bonner	Fountain	Mack, Wash.
Bosch	Gavin	Mahon
Bow	Grant	Michel
Boykin	Gray	Miller, Nebr.
Bray	Gross	Mills
Breeding	Haley	Minshall
Brooks, La.	Harris	Montoya
Brown, Ga.	Harrison, Nebr.	Moore
Brown, Mo.	Harrison, Va.	Morris
Brown, Ohio	Harvey	Moulder
Budge	Hébert	Murray
Burdick	Hemphill	Neal
Burleson	Henderson	Nicholson
Byrd	Herlong	Nimtz
Byrne, Ill.	Hoeben	Norrell
Byrnes, Wis.	Hoffman	O'Hara, Minn.

O'Konski	Saylor	Thomson, Wyo.
Passman	Scott, N. C.	Tuck
Patman	Scrivner	Ullman
Pilcher	Sheehan	Utt
Poage	Shuford	Van Pelt
Poff	Sikes	Weaver
Polk	Simpson, Ill.	Wharton
Reece, Tenn.	Smith, Calif.	Whitten
Reed	Smith, Kans.	Wier
Rees, Kans.	Smith, Va.	Williams, Miss.
Riley	Smith, Wis.	Willis
Rivers	Steed	Wilson, Ind.
Robeson, Va.	Talle	Winstead
Rogers, Colo.	Teague, Tex.	Withrow
Rogers, Fla.	Thomas	Young
Rogers, Tex.	Thompson, La.	
Rutherford	Thompson, Tex.	

NOT VOTING—43

Alger	Hiestand	Miller, N. Y.
Anfuso	Hillings	Morrison
Baker	Hollifield	Norblad
Barden	Holtzman	Powell
Beamer	Horan	Preston
Blatnik	Jensen	Robison, Ky.
Brownson	Kilburn	Scherer
Buckley	Krueger	Shelley
Collier	Long	Sheppard
Curtis, Mo.	Loser	Siler
Dawson, Ill.	McConnell	Taylor
George	McCormack	Whitener
Gwinn	McGregor	Williams, N. Y.
Hays, Ohio	Mailliard	
Hess	Mason	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. McCormack for, with Mr. Siler against.
 Mr. Mailliard for, with Mr. Preston against.
 Mr. Anfuso for, with Mr. Scherer against.
 Mr. Hess for, with Mr. Long against.
 Mr. Buckley for, with Mr. Alger against.
 Mr. Hays of Ohio for, with Mr. Hiestand against.

Mr. Holtzman for, with Mr. McGregor against.

Mr. Dawson of Illinois for, with Mr. Krueger against.

Mr. Shelley for, with Mr. Collier against.
 Mr. Sheppard for, with Mr. Mason against.
 Mr. Baker for, with Mr. Morrison against.
 Mr. Taylor for, with Mr. Brownson against.
 Mr. Blatnik for, with Mr. Beamer against.
 Mr. Powell for, with Mr. Quinn against.
 Mr. Hollifield for, with Mr. Barden against.

Until further notice:

Mr. Loser with Mr. Norblad.
 Mr. Whitener with Mr. Robison of Kentucky.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that it may be in order to call up the foreign aid appropriation bill at any time after noon tomorrow, providing the authorization bill is signed by the President this afternoon.

The SPEAKER. Is there objection?
 There was no objection.

TEXTILE FIBER PRODUCTS IDENTIFICATION ACT

Mr. COLMER. Mr. Speaker, I call up the resolution (H. Res. 388) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for

other purposes. After general debate which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Ohio [Mr. Brown]; and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 388 makes in order the consideration of H. R. 469, the textile fiber products identification act. The resolution provides an open rule and 1 hour of general debate on the bill.

The bill requires the labeling and advertising of the fiber content of textile fiber products, that is, any fiber, yarn or fabric, either in the finished or unfinished state, used, or intended to be used, in wearing apparel, costumes and accessories, draperies, floor coverings, beddings and so forth. In addition to protecting the consumer the bill is intended to protect the producers of quality merchandise and, indirectly, the cotton farmers of the country.

The bill does not change the present requirements of the Wool Labeling Act of 1939. Certain products are exempted from the provisions of H. R. 469, and these are listed in section 12 of the bill.

The Federal Trade Commission is designated as the enforcing agency of this proposed act. The bill directs the Commission to make such rules and regulations as are necessary to carry out the provisions of the act. The Commission is authorized to seek injunctions in Federal courts to enforce the provisions, and penalties for violation are provided.

The bill, if passed, would take effect 18 months after enactment. It is estimated that it would cost the Federal Trade Commission between 150 and 200 thousand dollars a year to administer the act.

I urge the adoption of House Resolution 388.

I reserve the remainder of my time, Mr. Speaker.

Mr. ALLEN of Illinois. Mr. Speaker, I have no requests for time.

Mr. COLMER. Mr. Speaker, I move the previous question on the resolution.

The resolution was agreed to.

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 469) to protect producers and consumers against misbranding and false advertising of the fiber content of textile fiber products, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the con-

sideration of the bill H. R. 469, with Mr. ROONEY in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. HARRIS] is recognized for 30 minutes and the gentleman from New Jersey [Mr. WOLVERTON] for 30 minutes.

The gentleman from Arkansas is recognized.

Mr. HARRIS. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, the Committee on Interstate and Foreign Commerce brings to the House today for consideration this bill H. R. 469, referred to as the Textile Fiber Products Identification Act.

Mr. Chairman, I might state at the outset that this legislation has been considered over a period of several years. It is highly desirable legislation.

About 3 years ago the need for this legislation was called to the attention of the committee. Hearings were held by a subcommittee of our committee in the last Congress. As a result of the hearings conferences were held between members of our staff, the sponsor of the bill who has done such a magnificent job on this legislation, the gentleman from Mississippi [Mr. SMITH] and certain representatives of the industry in an effort to resolve certain problems which were brought to the committee's attention during the hearings.

The conferences were held in New York and in Washington last year. As a result of these deliberations over a period of time and the hearings which were conducted this year by the subcommittee of which our colleague the gentleman from Illinois [Mr. MACK] is chairman, the committee reported this bill for your consideration.

This is a very important piece of legislation not only to the consumer, which means everybody in the United States, but also it is very important to producers of textile fiber products.

Mr. Chairman, it has the support of the American Farm Bureau Federation, the National Cotton Council, the National Grange, just to name a few.

Briefly, the purpose of the bill is to provide consumers and producers of textile fiber products with truthful and informative labeling and advertising of the fiber content of textile fiber products. The bill is limited in scope to textile fiber products other than products which are required to be labeled under the Wool Products Labeling Act of 1939. It was reported without objection by the Committee on Interstate and Foreign Commerce.

The committee considered this legislation very carefully, over a period of years. In the 84th Congress six textile labeling bills were introduced and referred to the committee. Lengthy hearings were held on these bills. This year, three bills were introduced on this subject, and again lengthy hearings were held. I am satisfied that this legislation was thoroughly considered by the committee.

SCOPE OF LEGISLATION

As I stated a moment ago, the bill requires the truthful labeling and adver-

tising of the fiber content of textile fiber products, except in the case of certain wool products. The term "textile fiber product" means, first, any fiber, yarn, or fabric, whether in the finished or unfinished state, used or intended for use in household textile articles; and second, any household textile article made in whole or in part of yarn or fabric.

The term "household textile articles," is defined as articles of wearing apparel, costumes and accessories, draperies, floor coverings, furnishings, beddings, and other textile goods of a type customarily used in a household regardless of where used in fact.

All textile fiber products which move in interstate commerce would be covered, as well as products made from fiber, yarn, or fabric which has moved in interstate commerce.

Wool products, with the exceptions of carpets, rugs, mats, and upholsteries, are required to be labeled under the Wool Products Labeling Act of 1939, and the bill would not change the present requirements under that act. However, the legislation proposed by the bill does not exempt carpets, rugs, mats, and certain types of upholstery. These items will, therefore, have to be labeled as to their fiber content.

EXEMPTIONS

The following products are exempted from the provisions of the bill: First, upholstery stuffing; second, outer coverings of furniture; third, linings or interlining—incorporated primarily for structural purposes and not for warmth; fourth, filling or stuffing—incorporated primarily for structural purposes and not for warmth; fifth, stiffenings, trimmings, facings, or interfacings; sixth, backings of floor coverings; seventh, sewing thread; eighth, bandages and surgical dressings; ninth, waste materials not intended for use in a textile-fiber product; tenth, textile-fiber products incorporated in shoes or overshoes or similar outer footwear; and eleventh, textile-fiber products incorporated in headwear, handbags, luggage, or toys.

In addition, the Federal Trade Commission is giving authority to exempt other textile-fiber products which have an insignificant or inconsequential textile-fiber content or where the disclosure of the fiber content is not necessary for the protection of the ultimate consumer.

PROHIBITED ACTS

Section 3 of the bill makes it unlawful to use the channels of interstate commerce for any textile-fiber product which is misbranded or falsely or deceptively advertised within the meaning of the proposed Textile Fiber Products Identification Act. The use of the channels of interstate commerce for any textile-fiber product which is misbranded or falsely advertised within the meaning of the proposed Textile Fiber Products Identification Act would also constitute an unfair method of competition and an unfair or deceptive act or practice in commerce within the meaning of the Federal Trade Commission Act.

Section 4 of the bill provides, in part, that a textile fiber product shall be misbranded if it is falsely or deceptively

stamped, tagged, labeled, invoiced, advertised, or otherwise identified as to the name or amount of constituent fibers contained therein, and as to the country of origin where it was processed or manufactured, in the case of imported products.

Section 5 of the bill makes it unlawful, with certain exceptions, to remove or mutilate the stamp, tag, label, or other means of identification required by this legislation prior to the time the textile fiber product is sold and delivered to the ultimate consumer. Any person violating this section of the bill shall be guilty of an unfair method of competition and of an unfair or deceptive act or practice under the Federal Trade Commission Act.

LABELING REQUIREMENTS

The fiber content, expressed in percentages, would have to be shown on a stamp, tag, label, or other means of identification for each textile product when made into the form intended for sale or delivery to, or for use by, the ultimate consumer. Ornamentation, not exceeding 5 percent of the total weight, would not have to be labeled. Any fiber which comprised less than 5 percent of the total fibers in the product would not be designated by name, but would be included in "other fiber(s)." Fiber identification of textile fiber products in the unfinished state, such as yarn and fabric, would be accomplished by a certification on the invoice covering the shipment. A stamp, tag, label, or other means of identification showing the fiber content of these products is not required until they are in a form intended for sale or delivery to, or for use by, the ultimate consumer.

ADVERTISING

If any representation as to fiber content of a textile fiber product is made in any written advertisement, the same full disclosure of the fiber content must be made as required on the stamp, tag, label, or other means of identification.

IMPORTED PRODUCTS

The present tariff laws require imported finished products, such as shirts, sheets, towels, and so forth, to be identified as to country of origin. The bill would require the disclosure of the country where the imported textile fiber product was processed or manufactured.

ENFORCEMENT

The Federal Trade Commission is designated as the enforcing agency of the proposed Textile Fiber Products Identification Act. The Commission has extensive experience in the field of labeling legislation through its administration of the Wool Products Labeling Act of 1939, the Fur Products Labeling Act, the Flammable Fabrics Act, and the Federal Trade Commission Act.

EFFECTIVE DATE

The bill provides that the proposed Textile Fiber Products Identification Act shall take effect 18 months after the date of its enactment. However, the Federal Trade Commission would be required to promulgate rules and regulations within 9 months after the date of enactment of this act. In order to

Public Law 85-141
85th Congress, S. 2130
August 14, 1957

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1957".

SEC. 2. Title I, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to military assistance, is further amended as follows:

(a) Amend section 103, which relates to authorizations, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this chapter not to exceed \$1,600,000,000, which shall remain available until expended."

(2) In subsection (b), strike out "and of section 124".

(3) In subsection (c), add at the end thereof the following new sentence: "When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance."

(b) In section 104 (a), which relates to infrastructure, strike out in the first sentence the word "already"; strike out "\$780,000,000" in the first sentence and substitute "\$1,000,000,000"; and strike out the second sentence.

(c) In section 105 (b) (3), which relates to conditions applicable to military assistance, strike out the words between "Asia" and ", the President".

(d) Amend section 107, which relates to waivers of law, as follows:

(1) In subsection (a), strike out "1262 (a), and title 34, United States Code, section 546 (e)" and substitute "7307 (a)".

(2) In subsection (b), strike out "Revised Statutes 1222 (10 U. S. C. 576)" and substitute "title 10, United States Code, sections 3544 (b) and 8544 (b)".

(e) Repeal section 108, which relates to transfer of military equipment to Japan.

SEC. 3. Chapter 2 of title I of the Mutual Security Act of 1954, as amended, which relates to southeast Asia and the Western Pacific, and direct forces support, is hereby repealed.

SEC. 4. Title I, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to defense support, is further amended as follows:

(a) Amend section 131, which relates to general authority, as follows:

(1) In subsection (a), before "designed" in the first sentence, insert "specifically".

Mutual Security Act of 1957.

Military assistance.

68 Stat. 833;

69 Stat. 283;

70 Stat. 555.

22 USC 1813.

Repayments in foreign currency.

66 Stat. 662.

31 USC 724.

71 Stat. 355.

71 Stat. 356.

69 Stat. 834.

22 USC 1814.

68 Stat. 834;

69 Stat. 284.

22 USC 1815.

68 Stat. 836.

22 USC 1817.

Repeals.

22 USC 1818.

68 Stat. 837.

22 USC 1831-

1834.

Defense

support.

68 Stat. 838.

22 USC 1841.

(2) Strike out subsection (b) and substitute the following:

"(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1958 to carry out the purposes of this section not to exceed \$750,000,000, which shall remain available until expended."

(3) Strike out subsection (c), and redesignate subsection "(d)" as subsection "(c)".

Korea.

(4) Add a new subsection (d) as follows:

"(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act."

22 USC 1897.

22 USC 1842.

Mutual defense
assistance.

69 Stat. 285;

70 Stat. 556.

22 USC 1852,
1853.

Yugoslavia.

(b) Repeal section 132, which relates to the Korean program.

SEC. 5. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is further amended as follows:

(a) In section 142 (b), which relates to agreements, strike out in the first sentence "chapter 2 or" and "or under title II".

(b) Section 143 is amended to read as follows:

"SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act."

Report.

71 Stat. 356.

71 Stat. 357.

Southeast Asia.

(c) Add a new section 144 as follows:

"SEC. 144. SOUTHEAST ASIA.—Assistance under this title shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days."

Report.

Development
Loan Fund.

SEC. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to development assistance, is further amended by striking out the heading of the title "DEVELOPMENT ASSISTANCE", and substituting "DEVELOPMENT LOAN FUND"; by striking out the section number and heading of section 201 and striking out subsections (a) and (b) of section 201; by redesignating subsection (c) of section 201 as subsection (d) of section 537 and striking out therein "this title" and "411 (c)" and substituting, respectively, "section 400 (a)" and "411 (b)"; and by inserting the following new sections:

70 Stat. 556,
561.

22 USC 1871,
1797.

Purpose.

"SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their

freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and to increase their productive capabilities.

“SEC. 202. GENERAL AUTHORITY.—(a) There is hereby established Establishment. a fund to be known as the ‘Development Loan Fund’ (hereinafter referred to in this title as ‘the Fund’) to be used by the President to finance activities carried out pursuant to authority contained in this title.

“(b) To carry out the purposes of this title, the President is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as he may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, and (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title. Loans shall be made from the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The authority of section 401 (a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection. The Manager of the Fund shall furnish to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report on each financing operation or transaction involving the Fund’s assets. Such report shall be made at the time such financing operation or transaction is consummated.

“SEC. 203. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed \$500,000,000. In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed \$625,000,000. Capitalization.

“SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title. Fiscal provisions.

71 Stat. 357.
71 Stat. 358.
68 Stat. 843;
69 Stat. 286;
70 Stat. 557.
22 USC 1921.
65 Stat. 644.
22 USC 1611 note.
22 USC 1743.

Report.

"(b) The President is authorized to incur, in accordance with the provisions of this title, obligations against the Fund in amounts which may not at any time exceed the assets of the Fund. The term 'assets of the Fund' as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization authorized pursuant to section 203 (a) of this Act which has not been advanced to the Fund as of such time. The Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

Budget pro-
gram.

59 Stat. 597;
61 Stat. 584.
31 USC 841
note, 849.

"(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

Manager of
Fund.

"SEC. 205. POWERS AND AUTHORITIES.—(a) In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a Manager of the Fund. The office of Manager of the Fund shall be in addition to other offices provided for by law, and the compensation for such office shall be at a rate not in excess of \$19,000 a year.

Loan Committee.

"(b) The President shall also establish a Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank, which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the Fund.

Powers.

71 Stat. 358.
71 Stat. 359.

"(c) In carrying out his functions with respect to this title, the Manager of the Fund may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures under this title, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Manager of the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through

enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Manager of the Fund, and, as the Manager of the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; and otherwise take any and all actions determined by the Manager of the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation authorized by this title. The Export-Import Bank shall administer loans made from the Fund, as provided in section 505 (b) of this Act.

22 USC 1757.

“SEC. 206. NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U. S. C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.”

59 Stat. 512;
68 Stat. 678.

SEC. 7. Title III of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is further amended as follows:

Technical cooperation.
69 Stat. 285.
22 USC 1894.

(a) In section 304, which relates to authorization, strike out subsections (a) and (b) and substitute the following: “There is hereby authorized to be appropriated to the President to remain available until expended not to exceed \$151,900,000 to carry out the purposes of this title.”

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

69 Stat. 285;
70 Stat. 557.
22 USC 1896.

(1) Strike out the text of subsection (a) and substitute the following:

“\$15,500,000 for the fiscal year 1958 for contributions to the United Nations Expanded Program of Technical Assistance: *Provided*, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution to this program may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed to the program for that period, for the calendar year 1959 as much as but not to exceed 38 per centum of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33.33 per centum of the total amount contributed to the program for that period.”

UN Technical Assistance.

71 Stat. 359.
71 Stat. 360.

(2) Strike out the text of subsection (b) and substitute the following:

Organization of American States.

“\$1,500,000 for the fiscal year 1958 for contributions to the technical cooperation program of the Organization of American States.”

SEC. 8. Title IV of the Mutual Security Act of 1954, as amended, which relates to other programs, is further amended as follows:

68 Stat. 843.
22 USC 1921.

(a) Insert before section 401 the following new section:

“SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$250,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability or for assistance in accordance with the provisions of this Act applicable to the furnishing of assistance under title I, section 304, section 405, or section 407 of this Act. \$50,000,000 of the funds authorized to be appropriated pursuant to this section for any fiscal year may be used in such year in accordance with the provisions of section 401 (a).

22 USC 1894,
1925, 1927.
22 USC 1921.

“(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the Presi-

dent not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

"(c) The President is authorized to use not to exceed \$10,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for the purposes of this subsection."

(b) Amend section 401, which relates to special fund, as follows:
(1) Strike out the title of this section and substitute "PRESIDENT'S SPECIAL AUTHORITY".

(2) In subsection (a), strike out "to be appropriated under subsection (b) hereof" in the first sentence and substitute "for such use by section 400 (a) of this Act"; before ", in furtherance of" in the first sentence, insert "or any Act appropriating funds pursuant to authorizations contained in this Act".

(3) Strike out subsection (b).
(4) Redesignate subsection "(c)" as subsection "(b)".

(c) In section 402, which relates to earmarking of funds, strike out all preceding "shall be used" in the first sentence and substitute "Of the funds authorized to be made available in the fiscal year 1958 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000".

(d) Amend section 403, which relates to special assistance in joint control areas, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and in the second sentence strike out all following "the President" and substitute "for the fiscal year 1958 not to exceed \$11,500,000 to carry out this section."

(2) Strike out subsection (b).

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (a), strike out the words between "appropriated" and "such amounts"; and strike out the last sentence.

(2) In subsection (c), strike out the words between "appropriated" and "for contributions" and substitute "for the fiscal year 1958 not to exceed \$2,233,000".

(3) In subsection (d), strike out the words between "President" and "for continuation" and substitute "for the fiscal year 1958 not to exceed \$5,500,000".

68 Stat. 851.
22 USC 1757.

Ante, p. 345.

22 USC 1921.
Special
authority.

71 Stat. 360.
71 Stat. 361.

22 USC 1922.

22 USC 1923.
Joint control
areas.

22 USC 1925.
Migrants, etc.

(f) Amend section 406, which relates to children's welfare, as follows: 22 USC 1926.

(1) In subsection (a), strike out the subsection designation "(a)"; and strike out all following "exceed" and substitute "\$11,000,000 for the fiscal year 1958 for contributions to the United Nations Children's Fund." UN Children's Fund.

(2) Strike out subsection (b).

(g) In section 407, which relates to Palestine refugees in the Near East, strike out the first two sentences in subsection (a) and substitute in lieu thereof the text of the present subsection (b) with the addition of the following sentence: "In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees."; strike out the subsection designation "(a)"; and strike out subsection (b). Palestine refugees. 22 USC 1927.

(h) In section 408, which relates to the North Atlantic Treaty Organization, strike out in subsection (a) the words between "appropriated" and "such amounts". NATO. 22 USC 1928.

(i) Amend section 409, which relates to ocean freight charges, as follows: 69 Stat. 286. 22 USC 1929.

(1) Strike out the text of subsection (c) and substitute "There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$2,200,000 to carry out the purposes of this section."

(2) In subsection (d), strike out all preceding "to pay" in the first sentence and substitute "In addition, any funds made available under this Act may be used, in amounts determined by the President,"; and strike out the second sentence.

(j) In section 410, which relates to Control Act expenses, strike out the words between "President" and "for carrying out" in the first sentence and substitute "for the fiscal year 1958 not to exceed \$1,000,000". 22 USC 1930. 71 Stat. 361. 71 Stat. 362.

(k) Amend section 411, which relates to administrative and other expenses, as follows: 69 Stat. 287; 70 Stat. 558. 22 USC 1931.

(1) In subsection (b), strike out the words between "President" and "for necessary" and substitute "for the fiscal year 1958 not to exceed \$32,750,000"; strike out "and section 124"; and before the period at the end of the subsection, insert "and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance". Ante, p. 345.

(2) Strike out subsection (c), and redesignate subsections "(d)" and "(e)" as subsections "(c)" and "(d)", respectively.

(l) Repeal section 412, which relates to Chinese and Korean students. 68 Stat. 846. 22 USC 1932.

(m) At the end of section 416, which relates to facilitation and encouragement of travel, add the following: "To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act." 22 USC 1936. International travel.

(n) Repeal sections 419 and 421, relating, respectively, to World Health Organization and Food and Agriculture Organization, which 62 Stat. 441; 69 Stat. 288; 70 Stat. 559. 22 USC 290b, 279a.

repeals shall not be deemed to affect amendments contained in such sections to Acts other than the Mutual Security Act of 1954, as amended; and add the following new sections:

Atoms for
peace.

"SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$7,000,000 to carry out the purposes of this section.

"(b) The United States' share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

"(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

Malaria
eradication.

"SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economic resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section. Not to exceed \$23,300,000 of the funds made available pursuant to authorizations contained in this Act (other than title I, chapter 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section."

71 Stat. 362.
71 Stat. 363.

General
provisions.

SEC. 9. Title V, chapter 1, of the Mutual Security Act of 1954, as amended, which relates to general provisions, is further amended as follows:

22 USC 1755.

(a) Amend section 503, which relates to termination of assistance, as follows:

(1) Strike out the subsection designation "(a)"; and in the last sentence of subsection (a) strike out "subsection" and substitute "section".

(2) Strike out subsection (b).

22 USC 1756.

(b) In section 504 (a), which relates to small business, strike out "chapters 2 and" and substitute "chapter".

22 USC 1757.

(c) Amend section 505, which relates to loan assistance and sales, as follows:

(1) In subsection (a), strike out "Assistance" in the first sentence and substitute "Except as otherwise specifically provided in this Act, assistance"; and after "commodities" both times it appears in the second sentence, insert ", equipment, materials,".

(2) In subsection (b), strike out the first sentence; and strike out "shall" both times it appears in the second sentence and substitute "may".

22 USC 1761.

(d) In section 509, which relates to shipping on United States vessels, strike out the first sentence.

(e) In section 511 (c), which relates to retention and return of equipment, after "materials" the first time it appears, insert "on a grant basis"; and strike out "(other than equipment or materials sold under the provisions of section 106)". 22 USC 1763.

(f) Repeal section 513 and add the following new section: 22 USC 1765.

"SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with them." Notice.
22 USC 1753.

SEC. 10. Title V, chapter 2, of the Mutual Security Act of 1954, as amended, which relates to organization and administration, is further amended as follows: Notification of changes.

(a) In section 521, add the following new subsection: 22 USC 1921.

"(c) The President shall continue to exercise the powers conferred on him under chapter 3 of title I, relating to defense support, only through the Secretary of State and his subordinates." 22 USC 1791.

(b) In section 523, add the following new subsection: Organization, etc.

"(c) Under the direction of the President, the Secretary of State shall: 22 USC 1781.

"(1) coordinate the various forms of assistance authorized by this Act so that the foreign policies of the United States may be best served thereby; and 71 Stat. 363.

"(2) determine the value of the program under chapter 1 of title I for any country." 71 Stat. 364.

(c) In section 524 (b), strike out the second sentence. 22 USC 1783.

(d) In section 525, strike out the first sentence. 22 USC 1784.

(e) In section 527 (c), which relates to employment of personnel, after "shall be entitled" in paragraph (1), insert ", except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months,"; and before the period at the end of paragraph (2), insert ": *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months". 22 USC 1785.

(f) In section 534, which relates to reports, after "504," insert "202, 400, 416,". 22 USC 1787.

(g) In section 535 (b), which relates to cooperation with nations and international organizations, before "in furtherance of" in the first sentence insert "consistent with and"; and before "nations" where it appears for the first time in the first sentence insert "free". 22 USC 1788.

(h) Amend section 537, which relates to provisions on uses of funds, as follows: Reports.
22 USC 1794.

(1) In the opening clause of subsection (a), within the parentheses, strike out "and section 124". 22 USC 1795.

(2) In subsection (a), paragraph (1), strike out "1957" and substitute "1958". 70 Stat. 561.
22 USC 1797.

(3) Amend the text of subsection (a), paragraph (10), to read "rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;"

(4) In subsection (a), paragraph (17), strike out "or" preceding "(iii)"; and after "another", insert ", (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel".

(5) In subsection (c), strike out "\$12,000,000" and insert "\$18,000,000"; and strike out "in the fiscal year 1957".

(6) Add the following new subsection:

"(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527 (c) (2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States."

SEC. 11. Title V, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to repeal and miscellaneous provisions, is further amended as follows:

(a) In section 543, relating to saving provisions, insert the following new subsections:

"(d) Funds appropriated pursuant to provisions of this Act repealed by the Mutual Security Act of 1956 or the Mutual Security Act of 1957 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations."

(b) Amend section 544, which relates to amendments to other laws, as follows:

(1) Repeal subsections (a), (c), (d), (e), (f), (g), (h), and (i), which repeals shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended; and redesignate subsection "(b)" as subsection "(a)".

(2) Add the following new subsections:

"(b) Public Law 174, Seventy-ninth Congress, as amended, is hereby further amended by striking out '31.5' in the proviso at the end of section 2 and inserting '33.33'.

"(c) Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third

Personnel
training.

22 USC 1787.

70 Stat. 934.

7 USC 1881-
1888.

28 Stat. 205.

71 Stat. 364.

71 Stat. 365.

22 U S C 1768.

Savings clause.

70 Stat. 555.

22 USC 1750 note.

22 USC 1442.

68 Stat. 832.

22 USC 1751
note.

70 Stat. 559.

22 USC 279a.

Congress; 7 U. S. C. 1704) is amended by changing the period at the end thereof to a comma and adding: 'such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;'. 68 Stat. 457.

(c) In section 546 (b), relating to construction, strike out "Atomic Energy Act of 1946, as amended (42 U. S. C. 1801)" and substitute "Atomic Energy Act of 1954, as amended (42 U. S. C. 2011)".

68 Stat. 921.

(d) Repeal section 547, which relates to reduction of authorizations.

22 USC 1767.

(e) In section 549, relating to special provision on availability of funds, strike out "chapter 3 of title I," and strike out the comma following "title III". 70 Stat. 565.
22 USC 1759a.

Approved August 14, 1957.

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

MAY 29, 1957

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. SMATHERS to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 12, line 17, insert before the quotation mark the following:

- 1 For the purpose of promoting political stability and
- 2 economic development in Latin America there is hereby
- 3 authorized to be appropriated to the President for the fiscal
- 4 year 1958 not to exceed \$25,000,000, which shall remain
- 5 available until expended, and in the utilization of such sum
- 6 preference shall be given to (A) projects or programs that
- 7 will clearly contribute to promoting health, education, and
- 8 sanitation in the area as a whole or among a group or groups
- 9 of countries of the area, (B) joint health, education, and

1 sanitation assistance programs undertaken by members of the
2 Organization of American States, and (C) such land resettlement
3 programs as will contribute to the resettlement of foreign
4 and native migrants in the area as a whole, or in any
5 country of the area, for the purpose of advancing economic
6 development and agricultural and industrial productivity:
7 *Provided*, That assistance under this sentence shall emphasize
8 loans rather than grants wherever possible, and not less than
9 75 per centum of the funds made available for assistance
10 under this sentence shall be available only for furnishing
11 assistance on terms of repayment in accordance with the provisions
12 of section 505.

AMENDMENT

Intended to be proposed by Mr. SALTBURN to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

MAY 29, 1957

Referred to the Committee on Foreign Relations and
ordered to be printed

Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 10, 1957

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

1 On page 43, between lines 15 and 16, insert the fol-
2 lowing new subsection:

3 “(m) At the end of section 416, which relates to
4 facilitation and encouragement of travel, add the following:
5 ‘To this end, under the direction of the President, the De-
6 partments of State and Commerce, the agency primarily
7 responsible for administering nonmilitary assistance under
8 this Act and such other agencies of the Government as the
9 President shall deem appropriate, in cooperation to the
10 fullest extent practicable with private enterprise concerned
11 with international travel, shall conduct a study of barriers to
12 international travel and ways and means of promoting, de-

1 veloping, encouraging, and facilitating such travel in the
 2 mutual interests of the United States and countries assisted
 3 under this Act.' ”

4 Renumber subsequent subsections.

5 On page 47, line 23, after “400,” insert “416,”.

85TH CONGRESS
1ST SESSION

S. 2130

Calendar No. 424

AMENDMENTS

Intended to be proposed by Mr. JAVRS to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 10, 1957

Ordered to lie on the table and to be printed

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 10, 1957

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 2130)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

1 On page 43, between lines 15 and 16, insert the follow-
2 ing new subsection:

3 “(m) Amend section 413 (b) (4) (B) (ii), relating
4 to guaranties of investments in approved projects, by insert-
5 ing after the word ‘war’ a comma and the following: ‘revolu-
6 tion, or insurrection’.”

7 Renumber subsequent subsections.

S. 2130

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 10, 1957

Ordered to lie on the table and to be printed

Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1957

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LONG to the bill (S. 2130)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 24, line 8, beginning with the word "There",
- 2 strike out the remainder of the paragraph through line 12.

6-12-57—A

S. 2130

AMENDMENT

Intended to be proposed by Mr. Long to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 12, 1957

Ordered to lie on the table and to be printed

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1957

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LONG to the bill (S. 2130)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 24, line 8, beginning with the word "There",
- 2 strike out the remainder of the paragraph through line 12.

87TH CONGRESS
1ST SESSION

S. 2130

AMENDMENT

Intended to be proposed by Mr. Long to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 12, 1957

Ordered to lie on the table and to be printed

Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1957

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LONG to the bill (S. 2130)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

- 1 On page 26, line 15, beginning with the word "There",
- 2 strike out the remainder of the paragraph through line 19.

6-12-57—C

85TH CONGRESS
1ST SESSION

S. 2130

AMENDMENT

Intended to be proposed by Mr. Long to the bill
(S. 2130) to amend further the Mutual
Security Act of 1954, as amended, and for
other purposes.

JUNE 12, 1957

Ordered to lie on the table and to be printed

Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1957

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LONG to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 24, lines 7 and 8, strike out the figure
- 2 “\$1,800,000,000” and insert “\$1,500,000,000”.

6-12-57—D

S. 2130

AMENDMENT

Intended to be proposed by Mr. Long to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 12, 1957

Ordered to lie on the table and to be printed

Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 10, 1957

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY (for himself, Mr. McCLELLAN, Mr. MUNDT, Mr. MORSE, and Mr. TALMADGE) to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 47, line 23, before the period insert a semicolon
- 2 and the following: "and at the end thereof insert the follow-
- 3 ing: 'The Secretary of State shall keep the Committee on
- 4 Foreign Relations of the Senate, the Committee on Foreign
- 5 Affairs of the House of Representatives, and the Committees
- 6 on Appropriations of the Senate and House of Representa-
- 7 tives fully and currently informed with respect to all activi-
- 8 ties of the Department of State or any agency thereof under
- 9 this Act. The Secretary of Defense shall keep such com-

1 mittees and the Committees on Armed Services of the Senate
2 and House of Representatives fully and currently informed
3 with respect to all activities of the Department of Defense
4 under this Act. Any Government agency shall furnish any
5 information requested by any such committee with respect to
6 the activities and responsibilities of that agency under this
7 Act and it shall be the duty of any officer or employee of the
8 Government having information relating to programs being
9 administered under this Act to furnish promptly to such com-
10 mittee or committees, upon request by any such committees,
11 full information with respect to such activities and responsi-
12 bilities.' ”

S. 2130

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY
(for himself, Mr. McCLELLAN, Mr. MUNDT,
Mr. MORSE, and Mr. TALMADGE) to the bill
(S. 2130) to amend further the Mutual Se-
curity Act of 1954, as amended, and for
other purposes.

JUNE 10, 1957

Ordered to lie on the table and to be printed

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1957

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz: On page 40, line 2, insert the following:

- 1 (c) The President is authorized to use not to exceed
2 \$10,000,000 of funds appropriated pursuant to subsection
3 (a) of this section for assistance on such terms and condi-
4 tions as he may specify, to schools, libraries, and community
5 centers abroad, founded or sponsored by citizens of the
6 United States, and serving as study and demonstration cen-
7 ters for ideas and practices of the United States, notwith-
8 standing any other Act authorizing assistance of this kind.

85TH CONGRESS
1ST SESSION

S. 2130

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 13, 1957

Ordered to lie on the table and to be printed

Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1957

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE (for himself and Mr. O'MAHONEY) to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, viz:

- 1 On page 31, beginning after the period in line 12, strike
- 2 out over through line 9 on page 32.
- 3 On page 32, beginning after the period in line 20, strike
- 4 out over through line 2 on page 33.

6-13-57—B

85TH CONGRESS
1ST SESSION

S. 2130

AMENDMENTS

Intended to be proposed by Mr. Morse (for himself and Mr. O'Mahoney) to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 13, 1957

Ordered to lie on the table and to be printed

85TH CONGRESS
1ST SESSION

Calendar No. 424

S. 2130

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1957

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MORSE to the bill (S. 2130)
to amend further the Mutual Security Act of 1954, as
amended, and for other purposes, viz:

1 On page 39, strike out lines 1 to 4, inclusive.

2 On page 40, line 7, after the quotation marks and before
3 the word "to" insert "\$150,000,000, in addition to the funds
4 authorized".

5 On page 40, line 9, strike out "for such use by section
6 400 (a) of this Act" and insert "\$100,000,000".

7 On page 40, strike out line 13 and insert the following:

8 “(3) Amend subsection (b) to read as follows:

9 ““(b) The authority contained in subsection (a) shall
10 not be exercised in any case until fifteen days shall have

1 elapsed while the Congress is in session after the Committee
 2 on Foreign Relations of the Senate, the Committee on
 3 Foreign Affairs of the House of Representatives, and the
 4 Committees on Appropriations of the Senate and House of
 5 Representatives have been furnished a report showing the
 6 purpose for which and the country or countries with respect
 7 to which such authority is intended to be exercised and the
 8 particular appropriation from which the funds proposed to
 9 be used are derived.' ”

10 On page 40, strike out line 14.

Calendar No. 424

85TH CONGRESS
1ST SESSION

S. 2130

AMENDMENTS

Intended to be proposed by Mr. Morse to the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 13, 1957

Ordered to lie on the table and to be printed

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